Par. 8.2.1.1.52
830

Wednesday,
9th May, 1956

PARLIAMENTARY DEBATES

HOUSE OF THE PEOPLE

OFFICIAL REPORT

PARLIAMENT SECRETARIAT
NEW DELHI

Price Six Annas (Inland)
Price Two Shillings (Foreign)

CONTENTS

[VOLUME III, Nos. 41—60—17TH APRIL TO 14TH MAY, 1956)

No. 41. *Tuesday, 17th April,* 1956 COLUMNS

Oral Answers to Questions— . . . .

Starred Questions Nos. 1504, 1505, 1507 to 1515, 1518, 1519, 1521, 1523, 1524, 1528, 1530, 1532 to 1538 2377-2411

Written Answers to Questions— . . . . . .

Starred Questions Nos. 1506, 1516, 1517, 1520, 1522, 1525 to 1527, 1529, 1539 to 1543 2411-16

Unstarred Questions Nos. 1070 to 1126 2417-44

Daily Digest 2445-50

No. 42. *Wednesday, 18th April,* 1956

Oral Answers to Questions—

Starred Questions Nos. 1544 to 1546, 1548 to 1551, 1553, 1556, 1557, 1559, to 1563, 1565, 1566, 1569, 1571 to 1574, 1577 . . . 2451-83

Written Answers to Questions—

Starred Question Nos. 1547 ,1552, 1554, 1555, 1558, 1564, 1567, 1568, 1570, 1575, 1576, 1578 to 1581 2484-90

Unstarred Questions Nos. 1127 to 1168 and 1170 to 1198 2490-2530

Daily Digest . . . 2531-36

No. 43. *Friday, 20th April,* 1956

Oral Answers to Questions—

Starred Questions Nos. 1582 to 1584, 1586, 1589, 1593, 1595 to 1597, 1600, 1601, 1603 to 1607, 1609, 1610, 1612 to 1615 . . . 2537-72

Written Answers to Questions—

Starred Questions Nos. 1585, 1587, 1588, 1591, 1592, 1594, 1598, 1599, 1602, 1608, 1616 2572-78

Unstarred Questions Nos. 1199 to 1250, 1252 to 1264 . . 2578-2614

Daily Digest 2615-18

No. 44. *Saturday, 21st April,* 1956

Oral Answers to Questions—

Starred Questions Nos. 1617 to 1619, 1621, 1623, 1624, 1627 to 1630, 1632 to 1639, 1641, 1642, 1644, 1645, 1626, 1631 . . 2619-53

Written Answers to Questions—

Starred Questions Nos. 1395, 1415, 1620, 1622, 1625, 1640 . . 2653-56

Unstarred Questions Nos. 1265 to 1297, 1299 to 1308 . . . 2656-78

Daily Digest 2679-82

No. 45. *Monday, 23rd April,* 1956

COLUMNS

Member Sworn 2683

Oral Answers to Questions—

Starred Questions Nos. 1646 to 1649, 1652, 1654 to 1659, 1662, 1663, 1672, 1665 to 1668, 1670, 1673, 1675, 1678,1679,1660,1664 and 1651 2683-2716

Written Answers to Questions—

Starred Questions Nos. 1650, 1653, 1661, 1669, 1671, 1674, 1676, 1677, 1680 2716-20

Unstarred Questions Nos. 1309 to 1352, 1354 to 1369 . . 2720-50

Daily Digest . . 2751-56

No. 46. *Tuesday, 24th April,* 1956

Member Sworn 2757

Oral Answers to Questions—

Starred Questions Nos. 1681, to 1683, 1689, 1680, 1695, 1697, 1701, 1702, 1704, 1706, 1708, 1709, 1711, 1713, to 1715, 1717, 1687, 1691 2757-87

Written Answers to Questions—

Starred Questions Nos. 1684 to 1686, 1688, 1692 to 1694, 1696, 1698 to 1700, 1703, 1705, 1707, 1710, 1712, 1716 2787-95

Unstarred Questions Nos. 1370 to 1410, 1412 to 1418, 1420 to 1423, 1425 to 1435 2796-2830

Daily Digest 2831-36

No. 47. *Wednesday, 25th April,* 1956

Oral Answers to Questions—

Starred Questions Nos. 1718 to 1722, 1724, 1727, 1730 to 1732, 1734, 1736 to 1739, 1741, 1743, 1723, 1725, 1726 . . 2837-70

Written Answers to Questions—

Starred Questions Nos. 1728, 1729, 1733, 1735, 1740, 1742 2870-73

Unstarred Questions Nos. 1436 to 1462, 1464 to 1493 2873-2902

Daily Digest 2903-06

No. 48. *Thursday, 26th April,* 1956

Oral Answers to Questions—

Starred Questions Nos. 1745 to 1748, 1752 to 1760, 1763, 1765, 1767 to 1770, 1772, 1744, 1766 2907-40

Short Notice Question No. 12 2940-42

Written Answers to Questions—

Starred Questions Nos. 1749 to 1751, 1761, 1762, 1764, 1771 . 2942-45

Unstarred Questions Nos. 1494 to 1497, 1499 to 1521 2945-60

Daily Digest . . . 2961-64

COLUMNS

No. 49. *Friday, 27th April,* 1956

Oral Answers to Questions—
Starred Questions Nos. 1773, 1774, 1776, 1779, 1781 to 1789, 1791 to 1793, 1795, 1797 to 1799, 1801, 1802 2965-99
Written Answers to Questions—
Starred Questions Nos. 1775, 1777, 1778, 1780, 1790, 1796, 1803, 1804 2999-3003
Unstarred Questions Nos. 1523 to 1539, 1541 to 1562 . 3003-22
Daily Digest 3023-26

No. 50. *Monday, 30th April,* 1956

Oral Answers to Questions—
Starred Questions Nos. 1806 to 1811, 1813 to 1816, 1820 to 1824, 1826 to 1830, 1832, 1833 3027-61
Written Answers to Questions—
Starred Questions Nos. 1805, 1812, 1817 to 1819, 1825, 1831 3061-65
Unstarred Questions Nos. 1563 to 1575,1577 to 1607 . 3065-86
Daily Digest 3087-90

No. 51. *Tuesday, 1st May,* 1956

Oral Answers to Questions—
Starred Questions Nos. 1834, 1836, 1839, 1845, 1847, 1848, 1852, to 1855, 1857, 1861, 1835, 1843, 1844, 1862 3091-3122
Short Notice Question No. 13 3122-25
Written Answers to Questions—
Starred Questions Nos. 1837, 1838, 1840 to 1842, 1846, 1849, to 1851, 1856, 1858 to 1860 3126-32
Unstarred Questions Nos. 1608 628 to 1626 to 1641 . . . 3131-48
Daily Digest 3149-52

No. 52. *Wedensday, 2nd May,* 1956

Oral Answers to Questions—
Starred Questions Nos. 1863, 1864, 1866, 1870, 1872, 1873, 1876 to 1878, 1880, 1882 to 1884, 1887, 1889, 1892, 1893, 1895 to 1897 . 3153-86
Short Notice Questions Nos. 14 and 15 3187-91
Written Answers to Questions—
Starred Questions Nos. 1865, 1867 to 1869, 1871, 1874, 1875, 1879, 1881, 1885, 1886, 1888, 1890, 1891, 1894 3191-3201
Unstarred Questions Nos. 1642 to 1654, 1656 to 1686, 1688 to 1710 3201-34
Daily Digest 3235-40

No. 53. *Thursday, 3rd May,* 1956

COLUMNS

Oral Answers to Questions—

Starred Questions Nos. 1899 to 1902, 1904 to 1908, 1910, 1911, 1913, 1917 to 1924 3241-74

Written Answers to Questions—

Starred Questions Nos. 1898, 1903, 1909, 1912, 1914 and 1915 3275-77

Unstarred Questions Nos. 1711 to 1759 . 3277-3300

Daily Digest 3301-04

No. 54. *Friday, 4th May,* 1956

Oral Answers to Questions—

Starred Questions Nos. 1925, 1927, 1930, 1938, 1940, 1942 to 1946, 1948, 1949, 1953, 1956, 1958, 1960, 1962, 1964, 1966, 1926, 1963, 1931, 1937 3305-37

Written Answers to Questions—

Starred Questions Nos. 1928, 1929, 1932, 1934 to 1936, 1939, 1941, 1947, 1950 to 1952, 1954, 1955, 1957, 1959, 1961, 1965 . . 3337-46

Unstarred Questions Nos. 1760 to 1797 . 3347-64

Daily Digest . . 3365-68

No. 55. *Monday, 7th May,* 1956

Oral Answers to Questions

Starred Questions Nos. 1967, 1969, 1971, 1972, 1975, 1978, 1979, 1981, 1982, 1984, 1986 to 1988, 1991 to 1993, 1995, 1997, 1998, 2000, 1968, 1970, 1999, 1983, 1989 3369-3404

Short Notice Question No. 16 . 3404-07

Written Answers to Questions—

Starred Questions Nos. 1973, 1974, 1976, 1977, 1996, 1980, 1985, 1990, 1994, 2001 to 2003 3407-12

Unstarred Questions Nos. 1798 to 1836, 1838 to 1850 . . 3413-38

Daily Digest . . 3439-42

No. 56. *Tuesday, 8th May,* 1956

Oral Answers to Questions—

Starred Questions Nos. 2004, 2007, 2009, 2012 to 2016, 2018, 2019, 2021, 2022, 2024, 2028, 2030 to 2032, 2034 3443-75

Written Answers to Questions—

Starred Questions Nos. 2005, 2006, 2008, 2010, 2011, 2017, 2020, 2023, 2025 to 2027, 2029, 2033, 2035, 2036 3475-81

Unstarred Questions Nos. 1852 to 1885, 1887 to 1893 . . 3481-3502

Daily Digest 3503-06

No. 57. *Wednesday, 9th May,* 1956

COLUMNS

Oral Answers to Questions—

Starred Questions Nos. 2039, 2040, 2042, 2043, 2045 to 2050, 2052, 2056 to 2060 3507-40

Writteen Answers to Questions—

Starred Questions Nos. 2037, 2041, 2044, 2051, 2053 to 2055, 2061 to 2083 3540-55

Unstarted Questions Nos. 1894 to 1924, 1926 to 1938 . . 3555-80

Daily Digest. 3581-84

No. 58. *Thursday, 10th May,* 1956

Oral Answers to Questions—

Starred Questions Nos. 2084, 2085, 2087, 2090 to 2092, 2094, 2095, 2098 to 2102, 2105 to 2107, 2109, 2111 to 2116 . . . 3585-3619

Written Answers to Questions—

Starred Questions Nos. 2086, 2088, 2089, 2096, 2097, 2103, 2104, 2108, 2110, 2117 to 2125 3619-28

Unstarred Questions Nos. 1939 to 1964 3628-42

Daily Digest 3643-46

No. 59. *Friday, 11th May,* 1956

Oral Answers to Questions—

Starred Questions Nos. 2128, 2131, 2133, 2137, 2139, 2142 to 2144, 2149 to 2151, 2153, 2156, 2126, 2129, 2145, 2146, 2148, 2154, 2155 3647-81

Written Answers to Questions—

Starred Questions Nos. 2127, 2132, 2134 to 2136, 2138, 2140, 2141, 2147, 2152, 2157 3681-85

Unstarred Questions Nos. 1965 to 1992 . . . 3685-3700

Daily Digest 3701-04

No. 60. *Monday, 14th May,* 1956

Member Sworn 3705

Oral Answers to Questions—

Starred Questions Nos. 2158 to 2162, 2164 to 2170, 2172, 2173, 2175, 2176, 2178 to 2181 3705-37

Written Answers to Questions—

Starred Questions Nos. 2163, 2171, 2174, 2177, 2183 to 2196 . 3737-46

Unstarred Questions Nos. 1993 to 2031 3746-66

Daily Digest 3767-70

GIPN—S4—122 Lok Sabha—26-3-57—840

LOK SABHA DEBATES

(Part I—Questions and Answers)

Room No.
Block 'G'
Acc. No. 25576
Dated 30.03.201

LOK SABHA

Wednesday, 9th May, 1956.

The Lok Sabha met at Half Past Ten of the Clock

[MR. SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

PILOT PROJECTS FOR SMALL-SCALE INDUSTRIES

***2039. Shri Bibhuti Mishra:** Will the Minister of **Planning** be pleased to state:

(a) whether it is a fact that the Planning Commission have approved of Pilot Projects for Small-Scale Industries as a step towards solving the problem of educated unemployed in the country;

(b) when these Pilot Projects are supposed to be started and in which parts of the country; and

(c) the other details of these Projects especially regarding the employment potentials and the investment estimated to be incurred on these Projects?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Yes, Sir. The Planning Commission has accepted in principle the setting up of small-scale industries towards securing employment for the educated unemployed.

(b) and (c). The Study Group on educated unemployed has been asked to draw up further details of the Pilot Projects and submit to the Planning Commission fully worked out schemes by June, 1956.

श्री विभूति मिश्र: मैं जानना चाहाता हूं कि स्माल स्केल इंडस्ट्रीज़ के लिए ये जो पायलट प्रोजक्टस खुलेंगी ये हर सूबे में खुलेंगी या किसी खास सूबे में ?

श्री हाथी : अभी तक यह जो पायलट स्कीम चलने वाली हैं यह तमाम जिलों में तो क्या तमाम सूबों में भी नहीं चलेगी। इसके जो परिणाम निकलेंगे जब वह देख लिए जायेंगे उस के बाद ही से सारे देश में चालू करने का फैसला किया जाएगा।

श्री विभति मिश्र : क्या सरकार ने इस बात का पता लगाया है कि इसके द्वारा कितने शिक्षित आदमियों की बेकारी दूर हो सकेगी ?

श्री हाथी : शिक्षित आदमियों की कितनी हद तक बेकारी दूर होगी, इसका पता तब चलेगा जब स्कीम अमल में आएगी। साथ ही साथ इसका पता इससे भी चलेगा कि कितने एजुकेटेड आदमियों पर इसका असर पड़ता है तथा कितने आदमी इससे लाभ उठाते है। इस वास्ते प्लानिंग कमिशन ने कहा है कि पहले दो चार पायलट स्कीम्स् को लेना चाहिये और देखना चाहिए कि ये कैसे चलती हैं। इसके बाद अगर ठीक समझा गया तो इस प्रोग्राम को सारे देश में एक्सटेंड किया जायेगा।

Shri C. D. Pande: What is the amount that Government envisage would be enough for an educated unemployed person so that he may be goaded to work; what is the amount that they envisage?

Shri Hathi: As this Study Group has evolved, it would mean about Rs. 102 crores or so.

Shri C. D. Pande: That is not what I am asking. What is the amount, what are the wages per day that you propose to give to an educated unemployed person so that he might be induced to Work?

Shri Hathi: This is not meant to give actually wages but to train them in particular vocations. That is, those who are matriculates or others generally do not like manual labour. There will be some training camps, works centres, small-scale industries, and they can earn according to whatever vocation they take. It is not a scheme which fixes a particular wage. That depends on the particular vocation they choose.

Shrimati A. Kale: After the training will they take to private business or will they be employed somewhere?

Shri Hathi: Both ways. They can have their own business or they can be employed.

Shri Shree Narayan Das: What are the important features of the scheme?

Shri Hathi: The important features of the scheme are that the Study Group has recommended three schemes, in a way. The first is work and training camps. The other is small-scale industries. Out of the small-scale industries some will be actually manufacturing parts, certain articles; some will be servicing centers. That is, in big workshops you have got repairs for cars, pumps, etc. That might be in villages or groups of villages, servicing stations where these people can be employed. The third is the co-operative organisations. They will be trained in co-operative methods, organisation and administration. These are the three main items on which the Study Group has to work.

Shrimati A. Kale: May I know who would supply the capital for carrying on private business if these persons intend to do so?

Shri Hathi: As I said, if it is the servicing institutions, it may be a co-operative; or they can approach the State Finance Corporation from where they can get loans.

Shri B. K. Das: May I know what are the industries that have been taken up so far and what is to be the duration of these experiments?

Shri Hathi: There are about twelve to fifteen items in which these people would be trained, and the duration would be about eight months or so.

Shri C. R. Chowdary: Before the Planning Commission finally approves of the pilot projects in respect of these small-scale industries, may I know whether the Planning Minister proposes to place these schemes before the Consultative Committee and on such consultation the final approval will be given by the Planning Commission?

Shri Hathi: This Study Group has, as yet, been asked to prepare the pilot schemes. When the pilot scheme is prepared, the Planning Commission will consider it, and then the other procedure might follow.

Shri Sarangadhar Das: In regard to the small industries that are proposed to be introduced, are they to be fully mechanised or run according to the old methods?

Shri Hathi: Both.

Shri A. M. Thomas: May I enquire how much out of the Rs. 130 crores or so allotted for solving educated unemployment will be spent on this account? May I also enquire whether these pilot projects in respect of small-scale industries would work under the Commerce and Industry Ministry, or what exactly is the liaison that would be maintained between the Commerce and Industry Ministry and the Planning Commission in this respect?

Shri Hathi: That is too premature. Because, looking to the scheme, the Planning Commission thought that it would be too premature to put up immediately this whole scheme as such. Therefore, they have asked them first to prepare a pilot scheme, which they have not yet submitted—they will submit it by June 1956. After that all these questions will be considered.

Shri Radhelal Vyas: May I know whether it is a fact that orders for shoes worth Rs. 18 to 20 crores have been received from Russia and East Germany and, if so, whether Government is considering to include manufacture of shoes in the pilot projects?

Shri Hathi: So far as this scheme is concerned, I think the Study Group has not included that.

RIVER VALLEY PROJECTS

***2040. Shri L. N. Mishra:** Will the Minister of **Irrigation and Power** be pleased to state whether there is any agency under his Ministry for overall control and for watching the progress of all the River Valley Projects under execution in the country?

The Deputy Minister of Irrigation and Power (Shri Hathi): There is no agency under the Ministry of Irrigation and Power for overall control of all the river valley projects under execution in the country. However in the case of the following projects some control is exercised by this Ministry through the Control Boards set up for these projects :—

1. Bhakra Nangal.
2. Hirakud
3. Rihand
4. Chambal
5. Koyna
6. Nagarjuna Sagar
7. Kosi
8. Tungabhadra

The Damodar Valley Corporation is an autonomous body and the powers and functions of the Government of India *vis-a-vis* the D.V.C. are regulated under the Damodar Valley Corporation Act (XIV) of 1948.

2. The Central Water and Power Commission is responsible for watching the progress of all the major river valley projects under execution.

Shri L. N. Mishra: May I know whether Government receives some fortnightly or monthly progress reports from each of these projects and, if so, whether it is a fact that some of the projects, especially those which are financed by the Union but are executed by the State Governments, are lagging behind?

Shri Hathi: The Central Water and Power Commission gets monthly progress reports from the various projects which I have mentioned. We also get quarterly or six-monthly reports from other projects which are of minor importance. There is a Control Room in the Central Water and Power Commission which checks up the progress and the programme, and wherever they find that a project is lagging behind, the reasons are enquired into and further action is being taken.

Shri L. N. Mishra: May I know whether Government propose to have a special machinery under this Ministry to look after the progress made by each project, besides the machinery that Government have in the C.W.P.C.?

Shri Hathi: At present it appears that the present machinery is adequate for the major river valley projects. To look into all the minor and medium projects in the country perhaps it would require a very elaborate machinery, and the Government has no proposal for the present to have any such elaborate machinery. But whatever is being done will be continued.

Shri Kasliwal: May I know whether the members of the Central Water and Power Commission periodically visit these major river valley projects and make their own personal assessment or they just scan the reports they receive from the State Governments?

Shri Hathi: Not only do they pay periodical visits, but in the case of the river valley projects I have mentioned, they are Members on the Control Boards and they participate in the meetings of the Board. They visit the projects and give all assistance and guidance to the project authorities.

Shri R. P. Garg: In the D.V.C., the main dam is nearing completion, but the construction of the canals and transmission lines will take two or three years. Definitely it is bad planning. May I know if the Government would like to set up an agency to coordinate the work in the projects?

Shri Hathi: In fact, due attention is being paid to see that the canal excavation goes on simultaneously with the construction of the dams. In the past, as the House is aware, land acquisition also has taken some more time. In certain cases, therefore, there is a lag. But, for the future projects which are now being executed, sufficient care is being taken to see that the canals are ready by the time the dam is also ready, so that we may get the benefits as soon as possible.

Shri N. B. Chowdhury: May I know whether in cases where the States are interested in the execution of certain projects, they are authorised to make minor adjustments in the course of the execution of the project without the sanction of the Central Government?

Shri Hathi: That depends upon a particular project. If it is a matter of flood control, then schemes costing below Rs. 10 lakhs rest with the State Governments themselves. They need not send them for scrutiny; they can make whatever changes they like. In the case of the major schemes which are purely the responsibility of the State Government concerned, they prepare a Project report which is being scrutinised. The economics of that project is also considered and if there is any major change which affects the benefits that would accrue or the cost or economy, then that is being scrutinised by the C.W.P.C.

Shri Sarangadhar Das: May I know if along with the construction work of the project there is a lag in excavating the canals and in constructing the transmission lines? Particularly, may I know if the transmission lines from Machkund in Orissa are already complete?

Shri Hathi: I think in certain cases, there is a lag in the construction of transmission lines. But, in certain cases, the consumers also are not ready. So far as Machkund is concerned, I think it is ready, but I am not sure.

Sardar Iqbal Singh: May I know whether the Government is aware of the fact that about the Bhakra Dam, serious charges have been levelled in the report of the Public Accounts Committee of Punjab and if that is so, what effective control is exercised by the Central Government for the removal of the charges against the money that has been spent?

Shri Hathi: As the House is aware, the Punjab Government has appointed a Committee which goes into this question but that is in consultation with the Central Government.

FLOOD HYDROLOGY OF JAMUNA

***2042. Shri Ram Krishan:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether the study of the Flood Hydrology of the Jamuna River has been completed; and

(b) if so, the details thereof?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Not yet.

(b) Does not arise.

श्री रामकृष्ण : क्या मैं जान सकता हूं कि इस अहम काम में इतनी देर क्यों हो रही है जब कि जमना में बाढ़ आने से हजारों गांव आये साल तबाह हो जाते हैं ?

श्री हाथी : यह काम दिसम्बर, १९५५ में शुरू हुआ था । इसमें ज्यादा देर नहीं हुई है । जून, १९५६ तक वह कम्पलीट हो जायगा ।

श्री भक्त दर्शन : इस बारे में जो सर्वेक्षण किया जा रहा है, क्या उसके अधीन देहरादून और टिहरी-गढ़वाल क्षेत्र में स्थित यमुना के कैचमेंट एरिया का भी अध्ययन किया जा रहा है ताकि वहां बाढ़ें आने से रोकी जायें ?

श्री हाथी : जी नहीं, वहां का सर्वेक्षण नहीं हो रहा है । सिर्फ ताजेवाला से ओखला तक का सवक्षण हो रहा है ।

Shri Kamath: Will the Minister be in a position to actively assist his colleague, the Health Minister, in the task of decontaminating the jamuna?

Mr. Speaker: That does not arise out of this question.

RAW FILM INDUSTRY

***2043. Shri Shivananjappa:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether it is a fact that the German Experts visited Bangalore and Mandya in Mysore State recently for the selection of the site to locate the manufacturing plant of raw film industry;

(b) whether any one of these sites has been recommended for the location of the plant; and

(c) if so, what will be the estimated cost of the plant?

The Minister of Industries (Shri Kanungo): (a) The team visited Mysore and Mandya.

(b) No, Sir.

(c) Does not arise.

Shri Shivananjappa: May I know Whether the team of German Experts have submitted their report to the Government, and if so, what is their opinion regarding the advisability or otherwise of starting a raw film industry in India?

Shri Kanungo: They have not submitted their final report yet.

Dr. Rama Rao: May I know if the Government intend starting the manufacture of raw film anywhere in India, apart from Mysore?

Shri Kanungo: That is exactly the purpose for which the team was invited. When their report is available and after the economics have been studied, it will go into action.

Shri Joachim Alva: In view of the large amount of foreign exchange spent in importing raw films, has the Government considered that the manufacture of raw films is an important industry? Will they give priority to it and give every assistance for its early manufacture?

Mr. Speaker: They have appointed a committee for that.

Shri Shree Narayan Das: May I know the names of the places which the team has visited?

Shri Kanungo: The team visited quite a number of places: Dehra Dun, Ootacamund, Poona, Ranchi etc.

Shri Velayudhan: May I know if our Government has approached the Government of any country other than Germany for the production of raw films?

Shri Kanungo: No, Sir.

FAKE RENT NOTICES TO DISPLACED PERSONS

***2045. Shri Gidwani:** Will the Minister of **Rehabilitation** be pleased to state:

(a) whether Government are aware that some persons had made copies of rent notices issued from Custodian's office and wrongfully collected amount of rent; and

(b) if so, what action has been taken in the matter?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) No.

(b) Does not arise. But if any specific instance is brought to notice, further enquiries will be made.

Shri Gidwani: In view of the fact that Mr. Mir Mushtaq Ahmed stated on the floor of the Delhi Vidhan Sabha that some persons had made copies of the rent notices and wrongfully collected money from the tenants, has Government made any enquiry against this allegation made on the floor of the Vidhan Sabha?

Shri J. K. Bhonsle: Yes, Sir. We have sent that document to the Additional Custodian for his report. But from informal enquiries, we find that there is no truth in what has been said in the Vidhan Sabha.

APPOINTMENTS IN PLANNING COMMISSION

***2046. Shri Punnoose:** Will the Minister of **Planning** be pleased to state:

(a) whether it is a fact that candidates rejected by the Union Public Service Commission for appointment in the Ministry of Finance have since been appointed in higher posts in the Planning Commission in 1954 and/or 1955; and

(b) if so, the number of such cases and the reasons for such appointments?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) and (b). A statement is laid on the Table of the House. [*See* Appendix XII, annexure No. 27.]

Shri Punnoose: The statement says:

> "Two Junior Economic Investigators of the Planning Commission had been appointed provisionally in the Ministry of Finance as Senior Investigators......subject to recruitment to these posts by UPSC."

May I know whether this appointment was made after they were rejected by the UPSC?

Shri Hathi: In this particular case, the appointment was made after they were rejected by the UPSC. They were working in the Finance Ministry and they were reverted to Planning Commission. Then, it was a case of departmental promotion; of the existing people, they were promoted.

Shri Punnoose: Is it a fact that these people were again rejected by the UPSC for appointment in the Ministry of Finance and then they went back to the Planning Commission?

Shri Hathi: It happened only once; it did not happen again.

Shri Velayudhan: May I know whether these two candidates rejected by the UPSC for appointment in the Finance Ministry were sent back to the Planning Commission, so that they may be given a back-door entry into Government service?

Shri Hathi: It is not so. They were not rejected by the Finance Ministry and then sent back. Actually, they were first working in the Planning Commission. Then they were deputed to the Finance Ministry. When they reverted, under the departmental promotion rules, they were promoted out of the existing persons working in the Planning Commission. The selection was from among the persons working in the Planning Commission and not general.

Shri A. M. Thomas: What exactly is the machinery through which recruitment is done to the temporary posts in the Planning Commission? May I also enquire what safeguards have been adopted by the Planning Commission for throwing out these avenues to candidates from all over the country rather than to candidates coming from the Delhi Employment Exchange?

Shri Hathi: We have been advertising these posts.

Shri A. M. Thomas: What is the machinery?

Shri Hathi: There is a committee consisting of a Joint Secretary, Economic Adviser and another Secretary and this committee makes the appointment.

Shri Kamath: The statement laid on the Table says that these two Investigators in the Planning Commission returned to the Planning Commission in 1955 after the U.P.S.C. had selected some other candidates for the posts provisionally held by them in the Ministry of Finance. Am I to understand that these two Investigators returned to the Planning Commission in the routine or ordinary course and not after having been rejected by the U.P.S.C. to these posts and the U.P.S.C. had selected some other candidates?

Shri Hathi: Rejected?

Shri Kamath: The hon. Minister just now said once, not twice.

Shri Hathi: I will explain the position. These people were working in the Planning Commission as Investigators. They were deputed to the Finance Ministry. Posts of Senior Investigators were to be filled in that Finance Ministry. These two appeared before the U.P.S.C. They were interviewed along with the others who applied. They were not accepted. Then they reverted to the Planning Commission to their original posts. After some time, when the question of promotion came in the Planning Commission, they were in the Planning Commission promoted to higher posts from amongst the people who were working in the Planning Commission. That is the whole position.

Shri Kamath: Does the Government realise that such arbitrary and capricious appointments and promotions......

Mr. Speaker: The hon. Minister says that there is nothing arbitrary.

Shri Kamath: He has said that once they were rejected.

Mr. Speaker: They came back to their old posts and then in due course they were promoted. What I am saying is, hon. Members will elicit information and on the strength of that information come to different conclusions......

Shri Kamath: They were rejected once, he has said.

Mr. Speaker: Hon. Members will kindly hear. What I heard the hon. Minister to say is this. These people were originally serving in the Planning Commission. They were deputed to the Finance Ministry. They appeared before the U.P.S.C. They were to be confirmed by the U. P. S. C. The U. P. S. C. rejected. They reverted to the Planning Commission. In the Planning Commission they were promoted in due course. Is that what the hon. Minister said?

Shri Hathi: May I once again repeat the whole position? These Investigators were working in the Planning Commission as Junior Investigators. Then they were deputed to the Finance Ministry and were working there as senior Investigators. These posts were advertised. They appeared along with outsiders in competition. They were not selected for that particular post. Consequently they again reverted to the Planning Commission. Later on, there were certain vacancies where the promotion had to be made from among the existing persons in the Planning Commission. The departmental committee, out of some people promoted these two persons on the ground of seniority and their work. They are working in the Planning Commission. That is the whole case. The difference is this. In the first case, there are people from outside competing. In the Planning Commission it is a question of promotion from among the existing persons. That is the difference. They may not have been found suitable as compared with people from outside. Here, the question is promotion from amongst the existing people. They were promoted.

Sardar Hukam Singh: Were these two persons originally recruited in service through the U.P.S.C. or did they come in as temporary hands and were confirmed? Because, while they appeared along with other persons, they were rejected, but when they were among the departmental hands, they were the best and were promoted.

Shri Hathi: Even now they are quasi permanent. They are not permanent at all.

Mr. Speaker: Did they appear before the U.P.S.C. before or after recruitment to the Planning Commission, apart from Class I officers?

Shri Hathi: For class II, they had not to go to the U.P.S.C.

Mr. Speaker: For promotion?

Shri Hathi: The departmental committee does that. Now, they will have to go.

Mr. Speaker: Next question.

Shri Punnoose: One last question, Sir?

Mr. Speaker: I have allowed several questions.

COMMERCIAL OFFICERS IN INDIAN EMBASSIES

***2047. Shri Gadilingana Gowd:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether it is a fact that Government have decided to open commercial offices as part of the Indian Embassies at Moscow, Peking and Prague; and

(b) if so, when these offices will be started?

The Minister of Commerce (Shri Karmarkar): (a) Yes, Sir.

(b) The offices will be started shortly.

Shri Gadilingana Gowd: May I know the work of these commercial offices? Also I want to know if the Indian manufactured goods will be placed there as samples for the people and the merchants there to see?

Shri Karmarkar: The latter half of the question relates to show room of sample articles to be kept in the Embassies and the like. Regarding the former, we are just on the point of recruiting staff, etc. As soon as recruitment is made, we shall start these offices.

Shri Gadilingana Gowd: I want to know if handloom cloth and other articles and handicrafts will be placed there in the show room attached to these commercial offices?

Shri Karmarkar: As and when considered suitable. That is a separate question. I have not got the information immediately.

Shri Velayudhan: May I know whether the Commercial offices are to be there apart from Trade Counsellors and Trade Agents we have got in the Embassies abroad?

Shri Karmarkar: For us, trade and commerce is the same.

Shri Gadilingana Gowd: May I know if similar offices have been opened in the U.S., and the U.K.?

Shri Karmarkar: In the U.K. we have a person of a Minister's rank to look after our trade work. In the U.S.A. also I should think so. We have got adequate representation of officers in the U.K. and U.S.A. Here we do not have an adequate trade section. In view of its growing importance we have thought fit to strengthen our trade section.

Shrimati A. Kale: May I know the qualifications of the people who will be appointed in the Embassies in the commercial department?

Shri Karmarkar: Suited to the type of posts envisaged. For instance, in Moscow, we are envisaging an officer of the First Secretary's rank whose pay will be Rs. 800 to Rs. 1,150.

Shrimati A. Kale: I want to know the qualifications.

Shri Karmarkar: Should be such as to make them fit for holding Commercial Secretary's post.

Shri Punnoose: May I know whether individuals and firms in this country can contact these officers for sale and purchase of things and commodities?

Shri Karmarkar: Of course, that is precisely the object of setting up these offices there. My hon. friend's question is a little, if I may say so, tricky. There, there is state-trading. On our side it is free trade. Any individual here may be able to contact our officers there for any type of import, export work.

ALL-INDIA HANDLOOM BOARD

***2048. Shri Shree Narayan Das:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether the proposal of the All-India Handloom Board that Government should promulgate a licensing order for the registration of all the handlooms active or idle in the country, has been considered;

(b) if so, with what result; and

(c) the important features of this scheme?

The Minister of Industries (Shri Kanungo): (a) Yes, Sir.

(b) and (c). An order for the compulsory registration of all handlooms is being issued.

Shri Shree Narayan Das: May I know whether the opinions of the State Governments were taken in this respect and if so, whether they agreed?

Shri Kanungo: Yes. The opinions of the State Governments were taken.

As far back as 1951, one of the States had already this procedure in operation.

Shri Shree Narayan Das: May I know the time by which this work will be undertaken?

Shri Kanungo: The starting and ending of it will depend on the capacity of the State Governments.

EXPORT OF TEXTILES

***2049. Dr. Ram Subhag Singh:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether textile export trade of India has registered a decline in 1955 as compared to the 1954 level;

(b) if so, by what percentage it has declined; and

(c) the reasons therefor?

The Minister of Commerce (Shri Karmarkar): (a) Yes, Sir.

(b) About 13%.

(c) The main reasons for decline in exports are:—

(1) readjustment of trade in the various markets.

(2) suspension of O.G.L. in Burma.

(3) labour strike in Bombay Port and the United Kingdom during the year 1955.

(4) competition from Japan, China and Russia in some of India's traditional markets in Asia and Africa.

(5) increased world trade in Rayon and other synthetic fibres.

(6) Shrinkage in world trade of cotton textiles.

(7) some of the cotton growing countries which were large importers of Indian cotton textiles have started manufacturing cloth for their domestic consumption.

(8) higher prices ruling in the internal market. I should like to add that there is nothing very frightening about the present situation.

Dr. Ram Subhag Singh: The hon Minister said that one of the reasons for this fall is the readjustment of various markets. May I know to which area our cloth export is concentrated and how those areas are going to be readjusted?

Shri Karmarkar: It is not readjustment of areas like the States reorganisation. What I said was that after the war there was a little of disturbance in the original markets. For instance, Japan has entered as a competitor in the South-East and Far-Eastern market. That is what is meant by readjustment of the areas of exports.

Shri Kasliwal: May I know if it is a fact that the U.S.A. has made a free gift of cotton to Burma and Indonesia, and if so, whether as a result of it our export trade with these two countries has suffered?

Shri Karmarkar: In respect of Burma, our export has decreased a little on account of various factors. I could not exactly vouch for the accuracy of my hon. friend's statement regarding the gift by the U.S.A., but it is a fact that Burma has taken a little less than what she used to take before.

Shri C. D. Pande: What are the steps that Government propose to take to encourage export trade in textiles? Is it a fact that the restrictions on looms and spindles are responsible for the dwindling of our export trade?

Shri Karmarkar: The steps are all published. In brief I might refer to them: (1) export duty on coarse and medium cloth—reduction from 25 to 10% with effect from 4-1-53. (2) Import duty on cotton removed from 27-2-1954. (3) Duty of 3 pies per yard levied under the Khadi and Other Handloom Industries Development (Additional Excise Duty on Cloth) Act is not levied on cloth meant for export. (4) Free licensing for export of cotton piecegoods introduced from May 1953 is still continuing. (5) Ban on export of pseudo-fine and pseudo-medium cloth removed etc.

Shri Sarangadhar Das: May I know if it is a fact that in 1955 there were defective packing and also no uniformity in the bales for instance, which was the cause of decrease in imports by Indonesia and Malaya?

Shri Karmarkar: I could not hold wrongful packing as being responsible for a large decrease in the matter of export. Increase or decrease is guided by larger factors than that. It is a fact there were complaints in the past about rather inefficient packing, overmarking and things like that, but we have brought them to the notice of the concerned interests and the present Export Trade Council in respect of textiles is looking after that fairly efficiently.

Shri Bhagwat Jha Azad: What has been the repercussion of the fall in export on the total target of export in the First Five Year Plan?

Shri Karmarkar: The impact of this reduction on the total exports during the last Five Year Plan? I could not exactly understand the question.

Mr. Speaker: The effect of this export during every one of those five years?

Shri Bhagwat Jha Azad: We have fixed a target for export for the First Five Year Plan. My question is: what is the repercussion of this fall in the export on the total target of the First Five Year Plan? A simple question.

Shri Karmarkar: The answer is obvious. The impact on the total targets fixed, if any, will be that the targets will be less to the extent our exports have been less.

Shri Bhagwat Jha Azad: By what percentage?

MATCH INDUSTRY

***2050. Shri Hem Raj:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the number of persons employed separately in the factories and cottage industry for the manufacture of matches (State-wise);

(b) the number of persons thrown out of employment due to competition between the mill-made and cottage-made matches; and

(c) whether Government have any proposal to impose any cess on the factory-made matches to help the cottage-match industry?

The Minister of Industries (Shri Kanungo): (a) It is estimated that 24,500 workers are employed in the match industry. Of these nearly 8,500 are employed in the fully mechanised sector and about 16,000 in the cottage sector. State-wise figures are not available.

(b) The Government are not aware of any such dislocation of employment.

(c) The existing rate of duty does partially serve this end.

Shri Hem Raj: May I know how the price of cottage-made matches compare with that of factory-made matches?

Shri Kanungo: I could not give the prices, but then the duty on boxes of matches of 60 is Rs. 3 out of which the D class factories get a rebate of 9 annas, the C class factories 6 annas, the B class factories 3 annas, and the A class nil.

Shri Joachim Alva: What is the opinion of Government in regard to a higher cess on A class factories which consist of the Wimco factories and carry the lion's share of production as well as the lion's share of earnings.

Mr. Speaker: Hon. Members will only put questions and not go on giving information.

Shri Joachim Alva: I will put it again. What is the opinion of the Government in regard to levying a higher cess on the A class match factories namely the Wimco factories?

Shri Kanungo: From the results obtained so far it is seen that all the B, C and D class factories are showing increased production. Therefore, the Government feel that the existing duties are adequate enough.

DAMODAR VALLEY CORPORATION

***2052. Shri Deogam:** Will the Minister of **Irrigation and Power** be pleased to state :

(a) whether it is a fact that on strict instruction of the headquarters office of the Damodar Valley Corporation (particularly electrical) other Government bodies are rejecting all applications from the employees for better situations outside Damodar Valley Corporation;

(b) whether it is a fact that this large number of young engineering graduates have been stagnating in their respective positions without any chance of promotion; and

(c) the reasons why they are stopped from applying for jobs outside in view of the fact that the Damodar Valley Corporation cannot improve the lot of these young engineers?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) No, Sir.

(b) No, Sir.

(c) Except in the case of some Electrical Engineers who have been trained abroad at the expense of the Damodar Valley Corporation and are required to serve the corporation for 5 years on completion of training, no employee is prevented from applying for jobs elsewhere.

Shrimati Renu Chakravartty: Is it a fact that until his contract is over no employee is allowed to make any application for new posts?

Shri Hathi: In the case of those who are sent for training at the expense of the Corporation, they have to serve for five years under the contract. They cannot go till they complete five years, because they were sent for training at the expense of the Corporation.

Shrimati Renu Chakravartty: But in the case of others who have not been trained at the cost of the Corporation, can they apply even during the term of the contract?

Shri Hathi: For others it is open to apply through the Damodar Valley Corporation.

Shri N. B. Chowdhury: May I know whether those engineers who are not allowed to apply for jobs elsewhere are given a guarantee that their service conditions will not deteriorate in case they do not get alternative employment later on?

Shri Hathi: In fact, I said people are not prevented from applying. Nobody is prevented from applying to other projects, but they have to apply through the Damodar Valley Corporation, and that is the proper way.

Shri Sadhan Gupta: May I know whether Corporation forwards their applications when they apply?

Shri Hathi: Generally they forward the applications but supposing a man is indispensable, they may not. That depends on each case.

पर्वतारोहण सम्बन्धी अभियान

२०५६. श्री भक्त दर्शन : क्या प्रधान मंत्री ५ अप्रैल, १९५६ के तारांकित प्रश्न संख्या १२२१ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) राटंग हिमालय पर पर्वतारोहण और नक़्शे बनाने के लिये ब्रिटेन के कैम्ब्रिज अभियान की और दार्जिलिंग व सिक्किम के आस पास वनस्पतिक खोज के लिये डा० वरम्यूलेन (एक डच नागरिक) के अभियान की अनूमति देने का जो प्रश्न विचाराधीन था, क्या उनके बारे में अन्तिम निर्णय कर लिया गया है;

(ख) यदि हां, तो उन्हें किन-किन शर्तों पर अनुमति दी गई है; और

(ग) उनके साथ भारतीय सम्पर्क अधिकारियों अथवा भारतीय पर्वतारोहियों को नियुक्त करने के बारे में क्या कार्यवाही की गई है या की जायेगी ?

वैदेशिक-कार्य मंत्री के सभासचिव (श्री सादत अली खां) : (क) से (ग). यू० के०

कैम्ब्रिज अभियान दल को इनर लाइन के दक्षिण की ओर वाले इलाके में पहाड़ों पर चढ़ने की इजाजत देने का फैसला कर लिया गया है, लेकिन नक्शे बन ने का नहीं, और यह भी फैसला किया गया है। कि अभियान के दौरान में दल के साथ एक भारतीय अफसर लगा दिया जाये। डाक्टर वरम्यूलेन को दार्जिलिग और गंगतोक (सिक्किम) में वनस्पति खोज करने की इजाजत इस शर्त पर दी गई है कि वे वनस्पतियों के अपने संग्रह का एक एक नमूना भारतीय वनस्पति सर्वेक्षण कार्यालय (बोटेनिकल सर्वे आफ इंडिया) को दें। सिक्किम दरबार से यह कहा जा रहा है कि वे गंगतोक में अपना एक संपर्क अधिकारी उनके साथ लगा दें।

श्री भक्त दर्शन : जिन पर्वतारोही दलों को इस बार भारत आने की आज्ञा दी गई है, या जो समय समय पर आते रहते हैं, क्या उनसे यह अनुरोध किया जाता है कि वे जो भी नक्शे बनायें या चित्र खींचें उनकी प्रतियां भारत सरकार को अवश्य दें ताकि भारत सरकार को उनकी जानकारी रहे ?

प्रधान मंत्री तथा वैदेशिक कार्य मंत्री (श्री जवाहरलाल नेहरु) : उनको तो नक्शे बनाने की इजाजत ही नहीं दी गई।

श्री भक्त दर्शन : क्या गवर्नमेंट के ध्यान में यह बात आई है कि पिछले दिनों नैपाल के हिमालय में जो तरह तरह की हरकतें हुई उनकी वजह से नेपाल सरकार ने कड़ा रुख अख्त्यार किया है, और क्या उसी प्रकार से भारत में भी कड़ाई करने का विचार किया जा रहा है, या कम से कम ऐसी शर्तें लगाई जायेंगी कि वे लोग जो फोटो खींचें उनकी प्रतियां भारत सरकार को जरूर दी जायें ?

श्री जवाहरलाल नेहरु : जी हां, नेपाल में जो कुछ हुआ उसकी कुछ खबर आई, लेकिन तफसील नहीं मालूम हुई। पर हिन्दुस्तान में तो पहले से ही काफी कायदे कानून इस बारे में हैं। मुमकिन है कि नेपाल के कायदे कानूनों में कुछ ढील हो इसलिये दिक्कत हुई हो, या इन्तजाम में कुछ कमी हो। अब, यह जाहिर है कि कभी कभी ऐसी बातें यहां भी हुई हैं जो हमने पसन्द नहीं की हैं, उनकी रोक थाम की जाती है।

Shri H. N. Mukerjee: In view of the fact that there have been reports of many foreign secret service personnel infiltrating into our country under the guise of mountaineering and quasi scientific expeditions, may I know if we have any means of checking the antecedents of those persons who come as members of these expeditions ?

Shri Jawaharlal Nehru: We do apply the normal methods of checking such applications, finding out from various people and our Embassies in other places. We are now fairly strict in giving permission. In fact, permission is not given at all, in so far as the territory beyond the inner line is concerned. It is only outside the inner line that permission is given, after due enquiry and check.

Shrimati Renu Chakravartty: We have now established a Mountaineering Institute at Darjeeling. May I know whether in connection with that institute, botanical research sections also are contemplated to be set up in order to study the areas where these mountaineers would be going?

Shri Jawaharlal Nehru: That institute is in its infancy yet. I am not quite sure how far they have advanced in botanical research. I rather doubt it. What they normally do is, if they have an expedition, they ask some of our botanical officers from Calcutta or Darjeeling to join them, and they go with them for that purpose.

INDIANS IN SIKKIM

***2057. Shri Kamath:** Will the **Prime Minister** be pleased to state :

(a) whether the talks with the Government of Sikkim regarding the status of Indians in Sikkim and of Sikkimese in India have concluded ;

(b) if so, with what result; and

(c) if not, at what stage the matter rests?

The Parliamentary Secretary to the Minister of External Affairs (Shri J. N. Hazarika): (a) to (c). No talks as such have been going on with the Government of Sikkim regarding the status of Indians in Sikkim and Sikkimese in India. The Sikkim Durbar are considering promulgating "Sikkim Subjects Regulation" over which they have sought our advice. It is hoped that

when the "Sikkim Subjects Regulation" is finalized, the status of Indians in Sikkim and Sikkimese in India will be adequately protected.

Shri Kamath: What is the number approximately, if not accurately, of Indians in Sikkim and of Sikkimese in India?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): We have no figures at present with us.

Shri Kamath: What is the position, constitutionally speaking, of Sikkim *vis-a-vis* India, and how far does it differ from that of the neighbouring State of Bhutan?

Shri Jawaharlal Nehru: I would advise the hon. Member to read the treaty between India and Sikkim. These things cannot be defined in precise phrases.

Shri Kamath: Do Government propose, now or later on, to consider the citizenship issue of India and Bhutan, and of India and Nepal, *inter Se*, on a reciprocal basis, just as in the case of some British Commonwealth countries?

Mr. Speaker: How does that arise out of this question?

Shri Kamath: It is regarding citizenship.

Mr. Speaker: This is only in respect of Sikkim.

Shri Kamath: But the neighbouring States are equally important.

Mr. Speaker: No. Now, Shrimati Renu Chakravartty.

Shrimati Renu Chakravartty: As far as we know, Sikkim is a protectorate of India. May I know what the implications of its being a protectorate are, as far as the rights of Indian citizens within that country are concerned?

Shri Jawaharlal Nehru: I purposely refrain from using any word to define the relationship. These words have been used in the past. They change their connotation and their meaning and their application. They may partly be correct. Anyhow, so far as the position of Indians there is concerned, as stated earlier, there is no particular difficulty about the Indians there. They have no rules and regulations at present, but as stated in the main answer, the matter is apparently being considered by the Sikkim Durbar, and they are thinking of promulgating a 'Sikkim Subjects Regulation'. In fact, they have asked our advice about it.

Shri C. D. Pande: Is it a fact that China is also claiming the territories of Sikkim, Bhutan and Nepal as falling within her suzerainty?

Shri Syamanandan Sahaya: He means the zone of influence.

Shri Jawaharlal Nehru: No, not that I am aware of.

Shri Kamath: Pending the finalisation of this issue with Sikkim, is the Prime Minister in a position to assure the House that Indians at present in Sikkim do not labour under or suffer from any kind of disability, civil or other?

Shri Jawaharlal Nehru: I have not heard of this before. I do not know if the hon. Member has had any particular information. But there has been no case of any Indian suffering any disability in Sikkim, to my knowledge, at any time.

NUCLEAR TESTS

***2058. Shri C. R. Narasimhan:** will the **Prime Minister** be pleased to state:

(a) whether there are adequate arrangements in this country to watch the extent of radio fall-out, radioactive contamination of air-space and adjoining seas and other harmful effects causable by nuclear and thermonuclear test explosions likely to be conducted in the Indian Ocean area and near about by some nations; and

(b) if so, the broad outlines of such arrangements?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) Yes.

(b) The radio-active fall-out from nuclear and thermo-nuclear test explosions is being measured continuously in Bombay.

Preparations are being made to carry out fall-out measurements at several places in the country. Necessary apparatus for these measurements is being constructed and it is hoped that the measurements will be started very soon.

In case of any test explosions being conducted in or near the Indian Ocean, we are adequately equipped to estimate quickly the radio-activity of sea-water and find out whether it will have any harmful effects.

Shri C. R. Narasimhan: May I know whether India has demanded inforfation on the subject from the country or countries intending to conduct explosions in the Indian Ocean area?

Shri Jawaharlal Nehru: I do not think so. That is about demanding. Here, the question is how far we are equipped to find out. The information apparently would be as to whether they are going to have a test or not. So far as I know, we have not demanded information on that. But there have been public statements to the effect that there would be such an experiment; and lately, only yesterday or the day before, it was stated that the experiment has been postponed—I am sorry. Perhaps, I am mixing up two experiments—there are two. We have not demanded any information about the time or place of the explosion, so far as I know.

Shri C. R. Narasimhan: Is it not desirable or practicable to ask for information on the subject from countries which indulge in such test explosions so that in addition to the data that we may collect from our own apparatus and equipment, more could be secured?

Shri Jawaharlal Nehru: The first question is whether any such experimental explosion is going to take place, and if so, when and where. The other is in regard to the subsequent data on it.

Mr. Speaker: His question is whether we cannot ascertain straightway from those countries which want to make these experiments, instead of relying exclusively upon our own resources.

Shri Jawaharlal Nehru: No. The question was whether we could measure these things. That is essential for our country to do. Every country has its own scientific machinery. If we are going to rely on others, then why should we have our scientific laboratories here—we could ask the British or the American or the Russian laboratories to supply us the data? That is not the way one approaches scientific matters.

Shri S. V. Ramaswamy: Are Government aware that certain test explosions are going to be conducted in Christmas Island, and if so, since we are so near to that, do Government propose to approach or request that Government not to conduct any test explosions there?

The Minister Without Portfolio (Shri Krishna Menon): So far as the test explosions in the Indian Ocean at Christmas Island are concerned, the Government of India have no official information. There have been rumours and statements in the press about it, and it is not usual for us to act on that basis. When the Government concerned make a definite statement either in their parliament, or communicate with us through diplomatic channels, that is the time when we can take official action.

Shri Joachim Alva: May I know whether in view of the U.S. Military Pact with Pakistan, we have alerted friendly Governments like those of Egypt, Burma and Ceylon, which are on the regions of the Arabian Sea, the Indian Ocean and even as far as the Suez Canal, about any impending nuclear experiments being conducted in these regions, and the danger thereof to all of us? I will repeat my question.

Shri Jawaharlal Nehru: The hon. Member's question is clear. But it has absolutely nothing to do with what we are discussing.

Shri H. N. Mukerjee: It is a fact that Indonesia has protested against the contemplated experimentation with the hydrogen bomb in the Christmas Islands in the Indian Ocean region, and is it the intention of our Government to inform the Governments concerned that in regions which are fairly contiguous to our own country, experiments of this sort will not be tolerated?

Shri Krishna Menon: So far as we are aware, there has, again, been a public statement by the Government of Indonesia that they are concerned about explosions in the Indian Ocean in the same way as other countries have said that they are concerned about explosions in Antarctica. But until the Government of Indonesia inform us or the Government who are supposed to be contemplating the explosions inform us, we could not take any official action.

COMMUNITY PROJECT IN UTTAR PRADESH

***2059. Shri Raghubir Sahai:** Will the Minister of **Planning** be pleased to refer to the reply given to Unstarred Question No. 1164 on the 18th April, 1956 and state:

(a) what actually was the achievement in so far as intensive phase in these blocks was concerned;

(b) whether any targets had been laid down and whether in all these cases, they had been achieved; and

(c) whether any evaluation of their activities was undertaken before the expiry of their term and if so, by which agency?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) A statement showing the physical achievements in respect of the 18 Community Development Blocks referred to in Unstarred Question No. 1164 answered in the Lok Sabha on 18-4-1956 is laid on the Table of the House. [*See* Appendix XII, annexure No. 28.]

(b) Specific targets for individual works have not been laid down. But statements II & III—

(i) showing the assessment of physical achievements per 1,000 persons in these blocks as compared to All-India averages for this particular series of blocks and

(ii) showing progress of Governmental expenditure against '*pro rata*' targets upon 31-12-1955 under the same series of blocks in Uttar Pradesh.

which are laid on the Table of the House show that the progress in these series of blocks is on the whole satisfactory [*See* Appendix XII, annexure No. 28.]

(c) Evaluation was undertaken in one of these Blocks, namely Bhataht Community Development Block by the Programme Evaluation Organisation of the Planning Commission.

Shri Raghubir Sahai: I have gone through this statement hurriedly. It makes the whole position confusion worse confounded. I have not been able to follow............

Mr. Speaker: The hon. Member may read it more leisurely and come back.

Shri Raghubir Sahai: Out of these 18 blocks, which of the blocks have done good work, which have done indifferent work and which have done unsatisfactory work? I would like to know whether the hon. Deputy Minister could categorise all these blocks in this manner.

Shri Hathi: The statement which I have laid on the Table is very exhaustive, and it is natural that the hon. Member has not found sufficient time to go through it. There are 40 items of work to be taken up in each block and there are 18 such blocks. So about 720 columns are there. We have given the progress for each block for each particular item. If he wants to know in regard to a particular item whether a particular block has done well or not, he will be able to find out. He will also be able to find out which particular block has done better work. For each item, I have given the progress. I have also given the progress as compared to the all-India average of achievements per 1,000 persons for each particular block. It is a lengthy statement which requires careful study. If he studies it, he will be satisfied.

Shrimati Tarkeshwari Sinha: May I know if it is a fact that the Planning Commission has issued a circular to the various State Governments, including UP, to stop all development work, and if so, whether it affects these National Extension and Community Project blocks?

Shri Hathi: I do not think any circular has gone to any State Government for stopping development works.

Shrimati Tarkeshwari Sinha: We have seen with our own eyes a circular sent by the Planning Commission to stop all development works.

Shri Hathi: It may be with regard to local development works. In the NES blocks, we are giving certain aid for local development works such as building of small approach roads, schools, hospitals etc. In the NES budget, these provisions are made. Outside the area of the NES, we are giving aid. It may be that this extra amount is not given, but it is already included in the budgetary provision for the NES blocks. So what perhaps the hon. Member has in mind is that no local development work is taken up there. That is because there is already a provision in the budget.

Shri Raghubir Sahai: May I know approximately how many villages in each block received the benefit of the development work? Is it not true that the number of villages not at all touched in each block is very large?

Shri Hathi: Generally, there are 100 villages in a particular block. In the Community Project, there are 300. But each block has about 100 villages. The work is generally done in connection with all these activities. In some cases, the work may have progressed well; in some others, it may not have progressed well.

SALT CESS

***2060. Shri N. M. Lingam:** Will the Minister of **Production** be pleased to state:

(a) whether Government are considering any proposal to exempt from the payment of cess such of the salt factories as face unhealthy competition from unlicenced manufacturers with a view to prevent the closure of the established factories; and

(b) whether any representations have been received by Government in this regard?

The Deputy Minister of Production (Shri Satish Chandra): (a) and (b). As a result of the examination of representations received in this connection, it has been decided that with effect from 23-4-56, salt manufacturer with holdings between 10 and 100 acres will be required to pay a cess of one anna per maund only as against 0-2-0 per maund levied before.

This concession will also be granted to those small scale salt manufacturers who are organised as members of a co-operative society, even though the total area under salt production with such society exceeds 100 acres, provided, that individual holdings are within the aforementioned limit.

Shri N. M. Lingam: May I enquire if the qualitative control in respect of licensed and unlicensed manufacture of salt is the same? If not, why not?

Shri Satish Chandra: There is no quality control at present on unlicensed production. It is not possible for the simple reason that the unlicensed salt manufacturers do not come to the Government for permission and we are not even in possession of their addresses. Quality control is exercised only on the production of licensed salt manufacturers.

Shri N. M. Lingam: May I know if Government have information in their possession as to whether unlicensed manufacture is on the increase or on the decrease?

Shri Satish Chandra: It is difficult to say. About 75 per cent. of the holdings belong to those who have between 10 and 100 acres. Unlicensed manufacturers hold below 10 acres. The salt manufacturers who work on less than 10 acres of land leased out by the Central Government are however, licensed; others holding less than 10 acres are not licensed. I could not give the figures.

Shri Nanadas: In view of the fact that 80 per cent. of the salt producers are monopoly producers, may I know in what way the unhealthy competition of the unlicensed manufacturers works out, and how do the Government explain the decision taken?

Shri Satish Chandra: I do not know what the hon. Member means by 'monopoly producers'. It is the policy of the Government to encourage small manufacturers. They are to be protected from large scale manufactures. In fact, there is now a slab system. Those below 10 acres do not pay any cess, those from 10 to 100 acres pay a cess of one anna, and those above 100 acres pay a cess of two annas per maund.

The Minister of Production (Shri K. C. Reddy): May I explain the general position very briefly? If the House so desires, I will place a statement with regard to this matter on the Table of the House later on.

As a result of the abolition of the salt duty, flowing from the history of the abolition of the duty, the Gandhi-Irwin agreement etc., the Government issued a notification in 1948, with a view to increase the production of salt and for other reasons, that unlicenced manufacture of salt below 10 acres would be free from payment of any cess. That was in 1948. Afterwards, as a result of this notification and implementing of the notification it was found that unlicensed manufacture had gone up by leaps and bounds and that was affiecting licensed production. So it was that the Government reviewed that whole position and exempted licensed manufacturers also, below ten acres. Later on some difficulty was experienced and now we have exempted the payment of cess or reduced the quantum of cess in respect of those manufacturers with holdings below 100 acres. The whole policy is designed to give protection and help small-scale manufacturers as against big-scale manufacturers.

WRITTEN ANSWERS TO QUESTIONS

SAMADHI OF MAHATMA GANDHI

***2037. Shri D. C. Sharma:** Will the Minister of **Works, Housing and Supply** be pleased to refer to the reply given to Starred Question No. 462 on the 3rd December, 1955 and state:

(a) whether the design for the Samadhi of Mahatma Gandhi at Rajghat has been finally decided upon; and

(b) if so, its nature?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar): (a) No, Sir.

(b) Does not arise.

CHENOPODIUM OIL

***2041. Shri M. Islamuddin:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the quantity of chenopodium oil imported during the year 1955;

(b) whether Government intend to develop the plant cultivation from which this oil is obtained; and

(c) if so, the steps being taken by Government to develop its cultivation?

The Minister of Industries (Shri Kanungo): (a) 2,877 lbs.

(b) Yes, Sir.

(c) Experiments to develop suitable methods of cultivation are in progress in the Forest Research Institute and in the Drug Research Laboratory, Jammu.

INDIAN INDUSTRIES FAIR

***2044. Shri B. S. Murthy:** Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 1194 on the 5th April, 1956 and state:

(a) whether any of the foreign participants in the Indian Industries Fair has to settle accounts with Government;

(b) if so, the steps taken to realize the amount; and

(c) the total amount thereof?

The Minister of Commerce (Shri Karmarkar): (a) Yes, Sir.

(b) The parties concerned have been reminded by the Collector of Customs to expedite either re-export of goods or payment of duties.

(c) The total amount of duties and taxes payable on goods not re-exported so far is Rs. 4,74,375/11/0.

THERMAL POWER STATION AT DURGAPUR

***2051. Shri Amjad Ali:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether the construction of a thermal power station at Durgapur by the Damodar Valley Corporation as part of its Second Five Year Plan programme has been recommended by the Conference of participating Governments which was held in New Delhi on the 16th April, 1956; and

(b) if so, how it is going to be given a final shape and when?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Yes, Sir.

(b) The matter is under consideration.

MONAZITE SANDS

***2053. Shri V. P. Nayar:** Will the **Prime Minister** be pleased to state:

(a) whether it is fact that Travancore-Cochin Government have sent up a proposal for the exploitation of manazite bearing sands in Kazhakkootam in Trivandrum Taluk; and

(b) whether the monazite content of the sands in this area is more than in the Chovara and Manavalakurichi sands?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) and (b). No.

N.E.F.A.

***2054. Shri Rishang Keishang:** Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that scarcity of foodgrains is prevalent on Tagin areas of North East Frontier Agency;

(b) if so, the reasons therefor; and

(c) the measures both preventive and relief by Government to cope with the situation?

The Parliamentary Secretary to the Minister of External Affairs (Shri J. N. Hazarika): (a) to (c). Yes. The use of primitive methods of agriculture in mountainous areas as well as their religious taboos reduce working days and adversely affect their cultivation. Direct relief has been given and efforts are being made to intensify agricultural activities.

करनाल निष्क्रांत सम्पत्ति सम्बन्धी पुराने किरायेदारों की संस्था

***२०५५. डा० सत्यवादी :** क्या **पुनर्वास** मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या सरकार को "करनाल इवैक्वी प्रापर्टी ग्रोल्ड टैनेंट्स एसोसियेशन" (करनाल निष्क्रान्त सम्पत्ति सम्बन्धी पुराने किरायेदारों की संस्था) से कोई ज्ञापन मिला है कि निष्क्रान्त व्यक्तियों की जिन दुकामों में पुराने स्थानीय

(लोकल) किरायेदार १९४७ के पहले से व्यापार कर रहे हैं और जिन का मूल्य १० हजार रुपये से कम है, उनको उनकी अनुमानित कीमत पर इन किरायेदारों को खरीदने की स्वीकृति दे दी जाये; और :

(ख) यदि हां, तो सरकार ने इस ज्ञापन पर क्या निर्णय किया है ?

पुनर्वास उपमंत्री (श्री जे० के० भोंसले) (क) जी हां ।

(ख) इस ज्ञापन में की गयी प्रार्थना स्वीकार नहीं की जा सकी । सरकार द्वारा प्राप्त की हुई निष्क्रान्त दुकानें जिनकी कीमत १०,००० रुपये तक है केवल शरणार्थियों को जो उन दुकानों में रह रहे हैं रक्षित (रिजर्व) कीमत देने पर प्रदान की जाती है । दूसरे लोग ऐसी दुकानों को खरीदने के लिए नीलामी में बोली दे सकते हैं । ये लोग केवल किरयेदार की हैसियत से रहे हैं इसलिए इन दुकानों के खरीदने की मांग नहीं कर सकते क्योंकि ऐसी रियायत केवल शरणार्थियों को ही दी गयी है । फिर भी यदि कोई किरायेदार किसी दुकान को खरीद नहीं कर सकता और वह कानून किरायेदार रहा है और बकाया किराया अदा करता है तो उसे डिसप्लेस्ड परसंस (कम्पंसेशन एंड रिहेबिलटेशन एक्ट) १९५४ की धारा २९ के आधीन दो साल तक न हटाये जाने की सुरक्षा प्राप्त है और यह सुविधा शरणार्थी तथा गैर शरणार्थी किरायेदारों को बराबर रूप से प्राप्त है । इसके बाद किरायेदारों को साधारण तौर पर राज्य में प्रचलित किराया के नियमों की रक्षा प्राप्त होगी ।

SCRIPT CENSORSHIP OF INDIAN FILMS

*2061. { **Sardar Iqbal Singh:**
Sardar Akarpuri:

Will the Minister of **Information and Broadcasting** be pleased to state:

(a) whether there is any proposal for Script Censorship of Indian films; and

(b) the main features of this proposal?

The Minister of Information and Broadcasting (Dr. Keskar): (a) and (b). There is no proposal for script censorship. However, a proposal is under contemplation of voluntary pre-examination to be made by a production Bureau at the script stage.

MACHINERY FOR TEXTILE INDUSTRY

*2062. **Shri Ibrahim:** Will the Minister of **Commerce and Industry** be pleased to state the position as it exists today with regard to the manufacture of various types of machinery in India required by the textile industry?

The Minister of Industrial Development (Shri M. M. Shah): A number of machinery required by the textile industry is already being manufactured in the country *viz.* Ring frames, Carding Engines. Fly frames and draw frames, Looms, Twisting machine and Dyeing, printing, finishing, and bleaching machinery.

Except for fly frames and draw frames and some of the dyeing, bleaching, printing and finishing machinery, the indigenous industry has either become almost self sufficient or is likely to be self-sufficient in the near future. The quality of manufacture is also comparable to that of the foreign make.

FORWARD TRADING

*2063. { **Shri B. N. Misra:**
Sardar A. S. Saigal:

Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether Government are aware that in defiance and clear violation of the Union Government's orders, restricting speculative business in foodgrains, cotton-seeds and edible oils, free and open speculative business is going on in these essential commodities at various places in the States of Madhya Pradesh, Punjab, Pepsu and Rajasthan, soaring the prices abnormally high;

(b) if so, the steps taken or proposed to be taken to make the speculative business unprofitable; and

(c) if not, the reasons therefor?

The Minister of Commerce (Shri Karmarkar): (a) The Forward Markets Commission have received some complaints.

(b) and (c). It has been alleged that illegal futures trading is conducted in the guise of non-transferable specific delivery contracts which normally do not have to be regulated. A warning has been issued by the Forward Markets Commission against such misuse of the non-transferable specific delivery contracts.

SHORTAGE OF COAL

***2064. Shri S. V. Ramaswamy:** Will the Minister of **Production** be pleased to state:

(a) whether large number of representations from industrialists, businessmen and other agencies about the acute coal scarcity in the South have been received by Government;

(b) whether frantic appeals have been sent to improve the coal movements to the South;

(c) whether the production of several industries have been affected owing to short supply of coal;

(d) whether any urgent steps are being taken to relieve the coal famines in the South and help the South Indian Industries to survive; and

(e) if so, what are they?

The Minister of Production (Shri K. C. Reddy): (a) and (b). Some representations have been received complaining against insufficient supply and seeking redress.

(c) The production in some industries is reported to have been temorarily affected.

(d) and (c). Special assistance is given to individual industries holding inadequate stocks. The Railway authorities moved an additional 25 wagons of coal a day during April last for meeting the requirements of Industrial consumers in South India. Supplies from West Bengal & Bihar coal fields to consumers in South India are being supplemented by sea route *via*. Calcutta on request.

APEX WEAVERS' COOPERATIVE SOCIETIES FOR HANDLOOM CLOTH

***2065. Shri Sanganna:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether all the State Governments have participated in the share capital structure of the Apex Weavers' Co-operative societies set up in their respective States for handloom cloth; and

(b) if not, the reasons therefor?

The Minister of Industries (Shri Kanungo): (a) and (b). As far as Government of India are aware, there has been no such participation by any State Government in the past. Some schemes have recently been submitted by the State Governments of Madras, Bombay and Manipur, which are under consideration.

SHORTAGE OF COAL

***2066. Shri N. B. Chowdhury:** Will the Minister of **Production** be pleased to state:

(a) whether it is fact that the Textile Mills in West Bengal are facing serious shortage of coal;

(b) whether this shortage is likely to lead to closure of certain mills and also temporary lay-off of a large number of workers; and

(c) if so, the steps that Government have taken to remedy this situation?

The Minister of Production (Shri K. C. Reddy): (a) No. There was however, somewhat insufficient supply in the first quarter of this year owing to general reduced wagon availability. But the matter was attended to and necessary relief promptly given.

(b) and (c). Do not arise.

भारत जापान समझौता

***२०६७. श्री रघुनाथ सिंह :** क्या **वाणिज्य और उद्योग** मंत्री यह बताने की कृपा करेंगे कि क्या यह सच है कि भारत-जापान समझौते

की, जो २७ अप्रैल, १९५६ को समाप्त होने वाला था, शर्तें दोबारा बढ़ाई जा रही हैं ?

वाणिज्य मंत्री (श्री करमरकर) : यह प्रश्न विचाराधीन है ।

PURANA QILA REFUGEE CAMP

***2068. Shri H. G. Vaishnav:** Will the Minister of **Rehabilitation** be pleased to state:

(a) whether it is a fact that the refugee residents of Purana Qila have refused to shift to Lajpatnagar where they have been allotted quarters; and

(b) if so, what are the grounds of their refusal?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) Yes.

(b) They have refused to shift till they are given alternative accommodation in the vicinity of Purana Qila. The nearest refugee colonies to Purana Qila where they were offered accommodation are Lajpatnagar, Malviya Nagar, Kalkaji but they have refused to move to these colonies.

IMMIGRATION LAWS IN KENYA

***2069. Shri Sarangadhar Das:** Will the **Prime Minister** be pleased to state:

(a) whether the attention of Government has been drawn to a news despatch from Nairobi appearing in the "Statesman" of the 20th April, 1956, in which the President of the Kenya Indian Congress accuses the Government of the Colony of introducing "racial preference and discrimination" in the immigration laws of that country;

(b) whether it is also a fact that the Kenya Government announced on the 18th April, 1956 that in its future immigration policy, Britain would be the primary source of immigrants to the colony and that Government would turn elsewhere only if Britain was not able to meet the colony's need; and

(c) whether this policy of racial discrimination is in conformity with the rights and privileges that have accrued to all nationals belonging to any part of the Commonwealth of nations?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) and (b). Yes.

(c) No particular rights and privileges accrue to the nationals of Commonwealth countries except by reciprocal arrangement, but it is true that any policy favouring racial discrimination is entirely opposed to the spirit which should underlie any partnership of nations, apart from being opposed to the basic policies underlying the U.N. Charter.

CANAL WATER DISPUTE

***2070. { Shri Ram Krishan:**
Sardar Iqbal Singh:

Will the Minister of **Irrigation and Power** be pleased to refer to the reply given to part (e) of Starred Question No. 465 on the 5th March, 1956 and state:

(a) whether the negotiations on the Canal Water Dispute between the Governments of India and Pakistan which were going on at Washington have been finalised; and

(b) if so, the details thereof?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) and (b). No, Sir. The negotiations between the representatives of the Governments of India and Pakistan, are still going on.

SURVEY OF HYDRO-POWER POTENTIAL

***2071. Shri Shivananjappa:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether it is a fact that the systematic Survey of hydro-power potential in India, initiated two years ago, has been completed;

(b) what is the progress achieved so far on the work assessing the power potential of rivers flowing towards the western ghats and the rivers flowing east in South India; and

(c) what is the earlier preliminary forecast of India's hydro-power resources?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) About 40% of the work in connection with the survey of hydro-power in India in a preliminary manner has been completed.

(b) Studies in regard to the west flowing rivers of the Western Ghats and east flowing rivers of Southern India have alrady been completed.

(c) The present forecast is 35 million KW at 60% load factor for the territories comprising the Indian Union. According to the earlier assessment made by Mr. Meares in 1919-21, the minimum power potential was roughly indicated at about 3.5 million KW continuous and the probable maximum at about 8 million KW continuous.

EVACUEE HOUSES IN DELHI

***2072. Shri Gidwani:** Will the Minister of **Rehabilitation** be pleased to state:

(a) whether the attention of Government has been drawn to the observations made by some members of Delhi Vidhan Sabha on 6th April, 1956 that a large number of evacuee houses were kept sealed; and

(b) if so, what are the facts about the matter?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) Yes.

(b) It is not correct that a large number of evacuee houses was kept sealed. The number of vacant units is only 188, out of which 133 are in a dilapidated condition requiring extensive repairs so as to make them habitable. The remaining 55 were sealed recently. Allotment of vacant premises has been recently discontinued in all the States. Such premises are now sold off under the Compensation Scheme.

STUDY OF WATER RESOURCES IN LOWER MEKONG BASIN

***2073. Shri Gadilingana Gowd:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether it is a fact that on the request of Thailand Government, E.C.A.F.E. approached the Government of India to send an expert to study the water resources development of lower Mekong Basin;

(b) if so, whether the Government of India have sent an expert; and

(c) the emoluments of the expert?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) and (b). Yes, Sir.

(c) 9,800 U.S. Dollars net per annum plus cost of living and other allowances prescribed for the staff of the E.C.A.F.E.

GOVERNMENT RESIDENTIAL ACCOMMODATION IN CALCUTTA

***2074. Shri S. C. Samanta:** Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) whether any steps have been taken to provide residential accommodation in Calcutta to officers whose pay is less than Rs. 150 per month;

(b) how many employees of the above category have been provided with accommodation during 1955-56; and

(c) whether any house rent allowance is given to those who are not provided with accommodation?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar): (a) In view of the increasing difficulties experienced by officers of this category in finding private accommodation in Calcutta, Government have decided to provide accommodation for 25% of officers of this category by constructing new quarters. Sanction has been accorded recently for construction of 406 such quarters.

(b) Seventy six.

(c) Yes, Sir.

GOVERNMENT TEST HOUSE, CALCUTTA

***2075. Shri D. C. Sharma :** Will the Minister of **Works, Housing and Supply** be pleased to state :

(a) whether tests are very much delayed in the Government Test House, Calcutta;

(b) if so, whether it is due to the fact that the Test House is understaffed and therefore over-worked;

(c) whether there is any plan for having similar test houses in Bombay and Delhi; and

(d) if so, when it will be done?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar): (a) to (d). It would certainly be correct to say that tests are not invariably carried out with the expedition that is desirable. It cannot, however, be said that the Test House is understaffed taking the quantum of work over a period of time. The time taken in transit for samples to reach Calcutta from the west and south of India contributes to the delay and mainly to overcome this a proposal is under consideration to set up a branch of the Test House at Bombay. It is too early yet to say when it will begin to function. There is no proposal to set up a branch at Delhi.

N.E.F.A.

***2076. Shri Rishang Keishing :** Will the **Prime Minister** be pleased to state:

(a) the number of registered shops or shops opened by the permission of the Government so far in N. E. F. A.;

(b) the number of such shops owned by the local tribals; and

(c) the efforts Government are making to increase the number of tribal-owned shops and to decrease the shops owned by non-tribals in N.E.F.A.?

The Parliamentary Secretary to the Minister of External Affairs (Shri J. N. Hazarika) : (a) 278 shops have so far been opened in North East Frontier Agency by permission of Government.

(b) 160 shops are owned by local tribal people.

(c) Attempts are being made to close shops owned and run by outsiders and simultaneously to open Government shops and encourage local people to open their shops wherever possible on a cooperative basis.

BAGHDAD PACT

***2077.** **Shri Shree Narayan Das :**
Shri B. S. Murthy :
Shri N. M. Lingam :
Shri Raghunath Singh :
Shri S. V. Ramaswamy :

Will the **Prime Minister** be pleased to state:

(a) whether any copy of the final communique issued by the five-nation Baghdad Pact Council is available with the Government of India;

(b) whether there is any reference to Kashmir in it;

(c) if so, the way in which it has been referred to; and

(d) the reaction of the Government of India in this respect?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan) : (a) and (b). Yes. Sir.

(c) The text of the reference is as follows :

> "Specific problems which were causing tension in this area were also discussed thoroughly and frankly in a spirit of mutual comprehension. In particular, the Council emphasised the need for an early settlement of the Palestine & Kashmir disputes".

(d) The Government of India have pointed out to the countries which were represented at the meeting of the

Council in Tehran that Kashmir is an integral part of the Indian Union and that the Baghdad pact council has no competence to discuss any matters conecrning India or her sovereign rights.

VIOLATION OF INDIAN AIR SPACE

***2078. Shri Kamath:** Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that Government have lodged a protest with the Government of Pakistan against frequent violation of Indian air space by Pakistani planes;

(b) if so, the content thereof; and

(c) whether any reply thereto has been received?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) and (b). As was stated in answer to Starred Question No. 1580 on the 18th April last, Government protested to the Government of Pakistan against ten violation of Indian air space on the Punjab-West Pakistan border that occurred between the 22nd March and the 6th April. Since then, reports of five more violations in the same area on different dates in April have been received. Our High Commissioner in Karachi has been instructed to lodge a protest with the Government of Pakistan against the further incidents also.

(c) No.

HOT-LINE MAINTENANCE OF TRANSMISSION SYSTEMS

***2079. Shri Ram Krishan:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether the scheme for opening of two Training Centres to train Indian personnel for Hot-line maintenance of transmission systems has been finalised; and

(b) if so, the details thereof?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Yes, Sir.

(b) A statement is laid on the Table of the House. [*See* Appendix XII, annexure No. 29.]

NEW NAMES OF COMMUNITY PROJECTS

***2080. Shri Gadilingana Gowd:** Will the Minister of **Planning** be pleased to state:

(a) whether it is a fact that the National Development Council has agreed to a suggestion of the Chief Minister of Mysore that new and short names should replace Community projects and National Extension Service blocks as these are borrowed from U.S.A.; and

(b) if so, how far this suggestion has been implemented?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) No, Sir.

(b) Does not arise.

GOVERNMENT-TEST HOUSE, CALCUTTA

***2081. Shri D. C. Sharma:** Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) whether it is a fact that the test fees in the Government Test House, Calcutta are very high with the result that small-scale producers are unable to make use of this facility; and

(b) if so, whether there is any proposal of reducing the fee so that the production of standard goods of all types is facilitated in the country?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar): (a) No, Sir.

(b) Does not arise.

KASHMIR ISSUE

***2082.** { **Shri Kamath:**
Shri B. S. Murthy:

Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that Pakistan proposes to raise the Kashmir issue in the Security Council of the United Nations;

(b) whether Government have received any intimation or communication to that effect; and

(c) if so, the steps being taken by Government in the matter?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) Government have seen reports in the Press to the effect that Pakistan proposes to refer the Kashmir issue back to the Security Council.

(b) and (c). No, Sir.

SECOND FIVE YEAR PLAN

***2083. Shri Shree Narayan Das:** Will the Minister of **Planning** be pleased to state:

(a) whether any target date has been fixed for the publication of the Draft Second Five Year Plan; and

(b) if so, which is that date?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) and (b). Yes, Sir. The Report on the Second Five Year Plan is proposed to be presented to Parliament about the middle of this month.

BAGMATI PROJECT

1894. Thakur Jugal Kishore Sinha: Will the Minister of **Irrigation and Power** be pleased to state:

(a) the progress so far made in connection with negotiation with Nepal Government for the construction of reservoir in the Nepal Territory for the storage of surplus water of Bagmati River; and

(b) what is the delay in starting the Bagmati Project?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) and (b). Permisssion of the Government of Napal has at present been obtained for surveys and investigations which are in progress. Only after these are completed, the scheme for the reservoir can be prepared. At that stage the Government of Nepal will be approached again in the matter.

GANDHI SAGAR DAM

1895. Shri Balwant Sinha Mehta: Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether it is a fact that works of Transmission lines from Gandhi Sagar Dam to Zawar Mines and Jaipur and sub-line from Jaipur to Fulera have been taken into hand;

(b) if not, when it will be taken up;

(c) when they are likely to be completed;

(d) how much power is likely to be consumed at Zawar Mines, Jaipur and Fulera respectively;

(e) the number of villages proposed to be electrified on the route of these lines;

(f) how much area is expected to be covered on both sides of these transmission lines for electrification;

(g) the approximate cost likely to be incurred per mile on transmission line; and

(h) at what rate the power per unit will be supplied to the consumers ?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) No.

(b) The question of constructing a transmission line from Gandhi Sagar Dam to Zawar Mines is still under consideration; it will be finalised on the basis of the final load survey in that area. The transmission line from Gandhi Sagar Dam to Jaipur will be taken up during the Second Five Year Plan period. The sub-transmission line from Jaipur to Phulera will be taken up when the required materials are received under the Technical Co-operation Mission Aid Programme.

(c) The question of completion of the transmission line from Gandhi Sagar Dam to Zawar Mines does not arise in view of the reply to part (b) of the question. The transmission line from the Dam to Jaipur is programmed to be completed by 1959-60 and the sub-line from Jaipur to Phulera by the end of 1958.

(d) The amount of power likely to be consumed in these areas will vary from year to year. In the initial stage, in accordance with the data at present available with the Rajasthan Govt., the power demand will be as follows:

(1) Zawar Mines	5,000 KW
(2) Jaipur	7,000 KW
(3) Phulera	200 KW (Approximately)

(e) It is not proposed to tap at present these high voltage lines en-route; the question of the number of villages proposed to be electrified en-route does not, therefore, arise. However, in the First stage of the Chambal Project rural electrification will be limited up to small towns, and efforts will be made, depending on the availability of power from the generating station, to connect villages having population up to 5,00.

(f) This question does not arise in view of the reply to part (c) of the question. However, it is expected that about 28 places will be served by various transmission lines of the Chambal Project in the First State.

(g) According to the Chambal Project Report (1954) prepared jointly by the Govts. of Rajasthan and Madhya Bharat, the estimated cost of the double circuit portion of the 132 KV line from Gandhi Sagar to Jaipur is Rs. 96,500 per mile and that of the single circuit portion Rs. 57,100 per mile. The estimated cost of the 66 KV line from Jaipur to Phulera, according to the Project Report prepared by Rajasthan Government in 1953, is Rs. 30,000 per mile.

(h) The tariff rates for the Chambal project have not yet been finalised.

COMMUNITY PROJECTS AND N.E.S. BLOCKS (TRIPURA)

1896. Shri Dasaratha Deb: Will the Minister of **Planning** be pleased to state:

(a) the amount sanctioned for Community Projects and N.E.S. Blocks in Tripura in the first Five Year Plan;

(b) the total amount spent on them during the same period; and

(c) the broad items of expenditure?

The Deputy Minister of Irrigation and Power (Shri Hathi):

[a]	Community Development Programme	18.96 lakhs
	National Extension Service Programme	7.4 lakhs
	Total.	26.40 lakhs

[b]	Community Development Programme	14.92 lakhs
	National Extension Service programme	1.05 lakhs
	Total .	15.97 lakhs

(c) The expenditure under Community Development Programme was incurred under the following heads:—

(i) State and project Headquarters.
(ii) Animal Husbandry and Agricultural Extension.
(iii) Irrigation.
(iv) Health and Rural Sanitation.
(v) Education.
(vi) Social Education.
(vii) Communications.
(viii) Arts, Crafts and Industry.

The expenditure under National Extension Service Programme was incurred under the following heads:—

(i) Personnel.
(ii) Transport and Equipment.
(iii) Local Works.
(iv) Social Education.
(v) Grants-in-aid to Schools, Hospitals and other institutions.
(vi) Loan for minor irrigation works.

STEEL TECHNICIANS

1897. Shri Ram Krishan: Will the Minister of **Iron and Steel** be pleased to state:

(a) the total number of engineers to be sent abroad yearly for advanced courses for the operation of the three new steel plants; and

(b) the names of the countries selected for training?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) Total number to be sent per year will be known after arrangements for training facilities are finalised;

(b) the U.S.S.R., U.K., West Germany, U.S.A., and such other countries as may offer suitable facilities.

RADIO STATION AT PATIALA

1898. Shri Ram Krishan: Will the Minister of **Information and Broadcasting** be pleased to state:

(a) whether it is a fact that a

building for an Auxiliary Studio was constructed at Patiala;

(b) if so, whether the building has been equipped with studio; and

(c) if not, the reasons therefor?

The Minister of Information and Broadcasting (Dr. Keskar): (a) to (c). The question of an Auxiliary Studio at Patiala is under consideration. The State Government is making available a building for that purpose. In view of the impending merger of Pepsu and Punjab, the proposal is kept in abeyance until the pattern of the future Punjab State is clear. ·

KEROSENE OIL

1899. Shri Ram Krishan: Will the Minister of **Works, Housing and Supply** be pleased to state the quantity of Kerosene oil consumed in the country during 1955?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar): An approximate idea as to the quantity of Kerosene oil consumed could he obtained from the Customs & Excise Revenue Statement of the Indian Union, a monthly Publication that is available in the Library of the Sabha.

IRON AND STEEL DEALERS IN PEPSU

1900. Shri Ram Krishan: Will the Minister of **Commerce and Industry** be pleased to state:

(a) the names and addresses of the controlled and registered businessmen in PEPSU dealing in iron and steel;

(b) the total value of iron and steel allotted to each of them during 1955-56; and

(c) the number of years for which the above businessmen are doing this contract business?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) to (c). The information is being collected and will be laid on the Table of the House.

EXPORT OF CLOTH

1901. Shri Ram Krishan: Will the Minister of **Commerce and Industry** be pleased to state:

(a) the total quantity of cloth exported to Pakistan in the year 1955-56; and

(b) the names of ports and States from which it was exported?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari: (a) 5,485,256 yards.

(b) The information is not available.

INDUSTRIAL CO-OPERATIVE MATCH FACTORY

1902. Shri Krishnacharya Joshi: Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether Government have sanctioned any amount for the Industrial Co-operative Match Factory at Hyderabad; and

(b) if so, the total amount sanctioned?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) Yes, Sir .

(b) Rs. 3,62,447.

उत्तरी सीमावर्ती क्षेत्रों का विकास

१९०३. श्री भक्त दर्शन : क्या **प्रधान मंत्री** १६ मार्च, १९५५ के तारांकित प्रश्न संख्या १०१४ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) भारत के उत्तरी सीमावर्ती क्षेत्रों की विकास योजनाओं में सहयोग तथा संमजस्य स्थापित करने के लिये हाल ही में नियुक्त विशेष कार्य पदाधिकारी ने सीमावर्ती क्षेत्रों के किन-किन स्थानों का भ्रमण व अध्ययन किया;

(ख) क्या पहले से स्वीकृत योजनाओं के सम्बन्ध में कोई प्रगति हुई है; और

(ग) यदि हां, तो उन योजनाओं का विवरण क्या है ?

प्रधान मंत्री तथा वैदेशिक कार्य मंत्री (श्री जवाहरलाल नेहरू): (क) सीमांत क्षेत्रों के विशेष अधिकारी ने जम्मू तथा काश्मीर में लद्दाख का और उत्तर प्रदेश में टिहरी गढ़वाल के सरहदी इलाकों का दौरा किया है । वे सिक्किम और उत्तर-पूर्व सीमा एजेंन्सी भी गए हैं ।

(ख) तथा (ग). उत्तर-पूर्व सीमा एजेन्सी को छोड़कर इन सभी इलाकों में योजनाओं की जिम्मेवारी राज्य सरकारों पर है, लेकिन विशेष अधिकारी ने प्लैनिंग कमीशन और केन्द्र के विभिन्न

मंत्रालयों में समन्व कायम करके, जरूरी सामान और तकनीकेल सहायता जल्दी दिलवाने में सहायता दी है। एक नया सुझाव जो उन्होंने दिया है, उसका सम्बन्ध हर राज्य में एक विशेष अधिकारी की नियुक्ति कराने से है, जो सीमांत क्षेत्रों में विकास योजनाओं पर शीघ्र कार्यवाही कराने और उनमें समन्वय स्थापित कराने का जिम्मेवार होगा। सभी राज्य सरकारों ने ऐसे काम के लिए एक अधिकारी मुकर्रर कर दिया है।

RESIGNATION OF OFFICERS

1904. Chaudhuri Muhammed Shaffee: Will the **Prime Minister** be pleased to state:

(a) the number of officers of the Ministry of External Affairs who have submitted their resignations from their posts in India and abroad from the 1st April, 1955 to the 31st March, 1956; and

(b) the causes therefor?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) 4 (four).

(b) For personal reasons.

VISIT OF FOREIGN MINISTERS

1905. Chaudhuri Muhammed Shaffee: Will the **Prime Minister** be pleased to state the total amount spent by the Government of India on the Stay of Ministers of Foreign countries who visited India during 1955-56 as far as available?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): According to the figures available to date a total of Rs. 15,91,261-6-6, was spent by the Government of India on the stay of Ministers of Foreign Countries and Delegations which included Ministers of Foreign Countries which visited India during 1955-56. It is not possible to give separate figures in respect of Ministers alone where they were members of such Delegations.

TEACHERS UNDER SECOND FIVE YEAR PLAN

1906. Shri D. C. Sharma: Will the Minister of **Planning** be pleased to state whether Government have assessed the total requirements of teachers in the Second Five Year Plan?

The Deputy Minister of Irrigation and Power (Shri Hathi): Yes, Sir.

BORDER INCIDENTS

1907. { **Shri D. C. Sharma:**
Shri Krishnacharya Joshi:
Shri Bhagwat Jha Azad: }

Will the **Prime Minister** be pleased to state:

(a) the number of border incidents which have occurred during the period from the 1st December, 1955 to the end of April, 1956 on the Indo-Pakistan borders of East and West Pakistan;

(b) the extent of loss of life and property on the Indian side;

(c) whether any compensation has been claimed by Government; and

(d) if so, the number of cases in which the representations have been successful?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) and (b). Information is available for all sectors of the border only up to the end of February, 1956. In the period 1st December, 1955 to the end of February 1956, 92 incidents took place on the Indo-Pakistan borders in the eastern and western zones. As a result of these incidents, 4 Indian nationals were killed; 15 were injured and 16 kidnapped. Property worth Rs. 47,778 was stolen.

(c) and (d). Apart from the incidents in which Indian nationals lost their lives, these incidents related mainly to petty thefts, cattle lifting and kidnapping of Indian nationals. The Indian Police authorities took up these cases with their counterparts in Pakistan. In some cases the kidnapped persons and cattle were recovered and restored by the Pakistan authorities. No compensation was claimed in any of these incidents.

Information in regard to the Jammu & Kashmir sector is being collected and will be laid on the Table of the House.

EXPORTS

1908. Shri Krishnacharya Joshi: Will the Minister of **Commerce and Industry** be pleased to state:

(a) the total value of exports during 1955; and

(b) the steps taken to remove the licensing restrictions during the same period?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) Rs. 603·77 crores.

(b) At the end of 1954, about 75% of export trade was free from control.

SPINNING MILLS

1909. Shri Velayudhan: Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether Government have given permission to set up a new cotton mill in Tirupati;

(b) the number of spindles sanctioned therefor;

(c) how many mills in Travancore-Cochin, Mysore, Madras, Andhra and Hyderabed have been granted such licences; and

(d) the total spindles covered by each?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) Yes, Sir.

(b) 12,000 spindles.

(c) Travancore-Cochin	2
Mysore	3
Madras.	55
Andhra.	5
Hyderabad.	Nil

	spindles
(d) Travancore-Cochin.	22,600
Mysore.	34,000
Madras.	606,944
Andhra.	90,560
Hyderabad.	Nil

RURAL ELECTRIFICATION

1910. Shri L. N. Mishra: Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether the State Government submit any progress report as regards rural electrification programme of their State; and

(b) if so, the names of the States who are upto schedule in the work and also of those who fall behind?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) No, Sir.

(b) Does not arise.

FILMS ON UNTOUCHABILITY

1911. Shri M. Islamuddin: Will the Minister of **Information and Broadcasting** be pleased to refer to the reply given to part (b) of the Unstarred Question No. 1010 on the 23rd December, 1955 and state:

(a) whether discussion has been with a private producer for the production of a full length educative film for the removal of untouchability;

(b) whether a final decision has been taken in this regard; and

(c) if so, the details thereof?

The Minister of Information and Broadcasting (Dr. Keskar): (a) to (c). An exploratory talk was held with a producer, but since financial provision for the film has been made only in this year's budget, no further action could be taken earlier. The proposal will be now pursued further for appropriate action.

CASH DOLES TO DISPLACED PERSONS

1912. Shri Tushar Chatterjea: Will the Minister of **Rehabilitation** be pleased to refer to the reply given to Starred Question No. 456 on the 5th March, 1956 regarding cash Doles to displaced persons and state:

(a) whether necessary information required has since been collected; and

(b) if so, the details thereof?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) and (b). The required information has been collected and was laid on the Table of the Lok Sabha on the 7th May, 1956.

GIRIDIH COLLIERIES

1913. Shri Nageshwar Prasad Sinha: Will the Minister of **Production** be pleased to state:

(a) whether there was a proposal to

transfer retrenched hands of Giridih Collieries to other State Collieries;

(b) if so, what steps had been taken in the years 1953, 1954 and 1955 to transfer them; and

(c) how many were transferred in those years and what facilities for transport and housing were given?

The Minister of Production (Shri K. C. Reddy): (a) Yes.

(b) A statement showing the steps taken is enclosed. [*See* Appendix XII, annexure No. 30.]

(c) 22 workers were absorbed in the Giridih collieries themselves and none agreed to accept employment in other State Collieries. The question of providing facilities for transport and housing did not, therefore, arise.

HARIJAN COLONIES

1914. Shri Balakrishnan: Will the Minister of **Planning** be pleased to state:

(a) the total number of Harijan Colonies which were constructed in the Madras State during First Five Year Plan period in the Community Project area and under National Extension Scheme; and

(b) the amount of financial assistance given by the Central Government for the construction of Harijan Colonies?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) None under the Community Projects and National Extension Service Schemes.

(b) Does not arise.

WOOLLENISED JUTE PRODUCTION

1915. Shri Radha Raman: Will the Minister of **Rehabilitation** be pleased to state:

(a) whether Government have given assistance to a new scheme of woollenised jute production for the employment of refugees;

(b) if so, the special benefits this Scheme will have for the refugees and how it is going to be implemented;

(c) whether such a Scheme will be introduced for non-refugees; and

(d) if not, the reasons therefor?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) and (b). Yes. One scheme has been sanctioned for training in woolenized spinning and weaving of jute goods, at the Technological Research Laboratory of the Indian Central Jute Committee, Calcutta.

After completion of the necessary training, the displaced persons will set up their own production units on cottage industry basis.

(c) No.

(d) This Ministry is not concerned with the training of non-displaced persons.

DISPLACED PERSONS FROM EAST BENGAL

1916. Shri Subodh Hasda: Will the Minister of **Rehabilitation** be pleased to state:

(a) whether it is a fact that the Government of India propose to rehabilitate the East Bengal refugees in Santhal Parganas. Bihar in Bengalee-owned houses which remained unrepaired; and

(b) if so, the number of families rehabilitated in those houses?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) and (b). A suggestion has been received from Government of Bihar for utilising vacant houses, belonging to Bengalees and others, in certain places in Santhal Parganas, as relief camps for East Pakistan displaced persons. This is under consideration.

INDIAN AMBASSADORS ABROAD

1917. Shri Keshavaiengar: Will the **Prime Minister** be pleased to state:

(a) the total number of Heads of Missions such as Ambassadors, Consul Generals, High Commissioners representing India abroad;

(b) the number of officials and non-officials among them in each category; and

(c) the basis for selection of these incumbents?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) and (b). Statement attached. [*See* Appendix XII, annexure No. 31.]

(c) The appointments of Ambassador and other Heads of Missions are made by the Prime Minister in his disceretion. The non-officials are selected from persons prominent in public life and also from retired servants of the State who have held high office. Officials are ordinarily selected from the senior members of the Indian Foreign Service. A few senior officers of other services are also appointed as Heads of Missions from time to time. These appointments are, however, temporary, and the incumbents revert to their parent departments on the completion of their foreign assignments.

EXPORT OF SEEDS

1918. Shri S. C. Samanta: Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether any strict check is exercised over the quality of miscellaneous seeds exported from India;

(b) whether any shipments of such seeds have been detained and rejected during the last three years;

(c) if so, when;

(d) whether any strictness is followed at the time of granting export licences for this commodity; and

(e) if not, whether it is a fact that due to competition the quality of seeds has deteriorated?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) to (c). As there is no quality control on export of seeds, the question of detention or rejection does not arise.

(d) Certain seeds are licensed freely, while certain others are banned. A statement showing licensing policy for exports of miscellaneous seeds other than oilseeds is attached. [*See* Appendix XII, Annexure No. 32.]

(e) Government have no information.

मध्य भारत की द्वितीय योजना का प्रारूप

१९१९. श्री अमर सिंह डामर : क्या **योजना** मंत्री यह बताने की कृपा करेंगे कि।

(क) क्या मध्य भारत सरकार ने द्वितीय पंचवर्षीय योजना के लिये अपनी प्रारूप प्रस्थापनायें, जिनमें सिंचाई और विद्युतकरण की योजनायें सम्मिलित हैं, भेज दी है; और

(ख) यदि हां, तो वे प्रस्थापनायें क्या हैं ?

सिंचाई और विद्युत उपमंत्री (श्री हाथी)

(क) तथा (ख). मध्य भारत की द्वितीय पंचवर्षीय योजना के प्रारूप के अन्तर्गत विकास के शीर्षकों द्वारा खर्चे को बताने वाले एक विवरण सदन के सामने प्रस्तुत है [**देखिये परिशिष्ट १२, अनुबन्ध सं० ३३**]

मध्य भारत में सामुदायिक परियोंजनायें

१९२०. श्री अमर सिंह डामर : क्या **योजना** मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या मध्य भारत की सामुदायिक परियोजनाओं के बारे में केन्द्रीय सरकार को कोई प्रतिवेदन प्राप्त हुआ है; और

(ख) यदि हां, तो अब तक इन परियोजनाओं द्वारा कृषि सम्बन्धी प्रशिक्षण तथा ग्राम और कुटीर उद्योगों सम्बन्धी प्रशिक्षण तथा बुनियादी शिक्षा में की गई प्रगति का विवरण क्या है ?

सिंचाई और विद्युत उपमंत्री (श्री हाथी) : (क) जी हां ।

(ख) १. कृषि-प्रशिक्षण : खेतों का बांधना तथा जापानी कर्षण विधि प्रदर्शन : उर्वरकों का इस्तेमाल खाद बनाना, संपरीक्षा खंडकों का भून्यास; बोने के तरीके और उनके परिणामों के प्रदर्शन—संख्या.....१८५५६ ।

२. ग्राम और कुटीरोद्योग : उत्पादन-एवं-प्रशिक्षण केन्द्र खोले गऐ संख्या ... ७

इन केन्द्रों में ऊन कातने, तेल पीड़ने, ईंटें थापने, कपड़ा बुनने, हाथ करघा, चमड़े का काम छापेखाना व दूसरे यन्त्रीकृत कुटीरोद्योगों में, शिक्षा दी जाती है ।

INDIAN FOREIGN SERVICE

1921. Sardar Iqbal Singh: Will the **Prime Minister** be pleased to state:

(a) the number of personnel belonging to the Indian Foreign Service against whom disciplinary action of any kind was taken in 1955; and

(b) the details of punishment given?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) One.

(b) Removal from service.

IRRIGATION BY TUNGABHADRA CANAL

1922. Shri Shivananjappa: Will the Minister of **Irrigation and Power** be pleased to state:

(a) what is the acreage of land that has received the water supply from the Tungabhadra Canal in Hyderabad, Andhra and Mysore States;

(b) the total acreage of land that has been localised; and

(c) the total acreage of this area that comes under intensive irrigation?

The Deputy Minister of Irrigation and Power (Shri Hathi):

	Hyderabad	*Andhra*	*Mysore*	Total
(a)	14,600	24,300	11,200	50,000
(b)	2,04,234	1,56,913	91,589	4,52,736
(c)	49,762	38,012	32,697	1,20,471

SETTLEMENT COMMISSIONERS

1923. Shri Gidwani: Will the Minister of **Rehabilitation** be pleased to state:

(a) the qualifications of Assistant Settlement Commissioners and their scale of pay;

(b) the qualifications of Settlement Commissioners and their scale of pay; and

(c) how they are selected?

The Deputy Minister of Rehabilitation (Shri J. K. Bonsle): (a) to (c). A statement is laid on the Table of the Lok Sabha. [*See* Appendix XII, annexure No. 34.]

COIR BOARD

1924. Shri Krishnacharya Joshi: Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether any financial assistance has been given by the Coir Board for promoting Co-operative organisations among producers of husks, coir fibre and coir yarn and manufacturers of coir products; and

(b) if so, the total amount given as grant and loan during 1955-56?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) and (b). The Coir Board does not give any financial assistance for this purpose. However, the Government of India have sanctioned a loan of Rs. 19,57,500 and a grant of Rs. 24,569 to the Government of Travancore-Cochin during 1955-56 for promoting Cooperative Organisations among producers of husks, coir fibre and yarn.

INDUSTRIES IN ANDHRA

1926. Shri B. S. Murthy: Will the Minister of **Planning** be pleased to state:

(a) whether final decision has since been taken on the proposals submitted by the Andhra State on heavy and small scale industries to be included in the Second Five Year Plan;

(b) if so, the details of the same; and

(c) the total expenditure involved?

The Deputy Minister of Planning (Shri S. N. Mishra): (a). Final decision has been taken with regard to large and medium industries. As regards village & small-scale industries the matter is still under consideration.

(b) and (c). A statement regarding large and medium industries is placed on the Table of the House. [*See* Appendix XII, annexure No. 35.]

LOANS TO DISPLACED PERSONS IN TRIPURA

1927. Shri Biren Dutt: Will the Minister of **Rehabilitation** be pleased to state:

(a) whether any complaint has been received from Dharmanagar, Tripura regarding malpractices in distributing loans to the displaced persons; and

(b) if so, the steps Government propose to take in the matter?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) and (b). The information is being obtained and will be laid on the Table of the Lok Sabha in due course.

MAJOR IRRIGATION WORKS

1928. Shri Nambiar: Will the Minister of **Irrigation and Power** be pleased to state the State-wise figures of total and additional outturn for the year 1954-55 for major irrigation works listed in the First Five Year Plan[in regard to (i) food grains in tons, (ii) cotton in number of bales. (iii) jute in number of bales. (iv) gur and sugar in tons, (v) oil seeds in tons] and (vi) for other produces in tons]?

The Deputy Minister of Irrigation and Power (Shri Hathi): Necessary material is being collected and will be laid on the Table of the House as soon as possible.

DISTRICT DEVELOPMENT COMMITTEES IN ANDHRA

1929. Shri Gadilingana Gowd: Will the Minister of **Planning** be pleased to state:

(a) whether District Development Committees have been set up in the State of Andhra; and

(b) if so, the names of those Districts where the above Committees have been set up?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) and (b). Yes, Sir.

The District Development Committees have been set up in all the Districts of Andhra.

GOVERNMENT TEST HOUSE—CALCUTTA

1930. Shri D. C. Sharma: Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) the strength of the senior and junior staff in the Government Test House, Calcutta; and

(b) whether the technical staff consists only of persons with college degrees with no practical experience of the main items of the tests?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar): (a) A statement is laid on the Table of the Lok Sabha. [*See* Appendix XII, annexure No. 36.]

(b) No, Sir.

GOVERNMENT TEST HOUSE

1931. Shri D. C. Sharma: Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) whether the test reports issued by the Government Test House can be re-checked in some other laboratory such as the Technical Development Establishment Laboratory, Kanpur; and

(b) if not, why not?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar): (a) No, Sir.

(b) No re-check is considered necessary as the Government Test House is the final authority in cases where tests are carried out in its premises for the purpose of determining acceptability of stores for Government requirements. Similarly, where tests are carried out by the Techinical Development Establishment Laboratory Kanpur, and other Defence Laboratories, the same are also not subject to a re-check by any other Laboratory.

TRIBES IN N.E.F.A.

1932. Shri Amjad Ali: Will the **Prime Minister** be pleased to refer to the reply given to Starred Question No. 1445 on the 14th April, 1956 and state:

(a) the names of the different tribes in N.E.F.A. living there; and

(b) the average population of each tribe?

The Prime Minister and Minister of External Affairs) : (Shri Jawaharlal Nehru) : (a) and (b). Tribes of North East Frontier Agency with average population noted against each tribe.

1.	SHERDUKPENS	2,600
2.	SHERCHOKPAS	2,600
3.	MONPAS	42,000
4.	KHOWAS	2,000
5.	MIJIS	10,000
6.	AKAS	1,300
7.	DAFLAS	1,50,000
8.	APATANIS	13,000
9	TAGINS	12,000
10.	HILMIRIS	4,000
11.	MIKIRS	1,300
12.	GALLONGS	25,000
13.	MINYONGS AND OTHER ABORS	50,000
14.	PADAM AND ALLIED GROUPS	18,000
15.	KHAMBAS	900
16	MISHMIS	60,000
17	TIBETANS	300
18.	KHAMPTIS	7,000
19.	SINGPHOS	3,000
20.	LADAMABORS	4,800
21.	WANCHOS	26,000
22.	NOKTES	17,000
23.	TANGSAS	8,500
24.	SANGTAS	27,000
25.	CHANGS	20,000
26.	YIMCHUNGRS	37,000
27.	KONYAKS	65,000
28.	PHOMS	14,000
29.	SEMAS	19,000
30.	KALYOKENGNYUS	24,000
		6,67,300

The above figures are only rough and based on local estimates as no regular census has been taken so far.

कपड़े का उत्पादन

१९३३. श्री के० सी० सोधिया : क्या वाणिज्य और उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) १९५५–५६ में मिलों में बीच के दर्जे के और मोटे कपड़े का कितना-कितना उत्पादन हुआ;

(ख) इनमें धोतियों और साड़ियों का उत्पादन कितने कितने गज था; और

(ग) हथकरघा उद्योग द्वारा निर्मित धोतियों और साड़ियों के उत्पादन का अनुमानित परिमाण क्या था ?

वाणिज्य और उद्योग तथा लोहा और इस्पात मंत्री (श्री टी० टी० कृष्णमाचारी) : (क)

(१) बीच के दर्जे का कपड़ा ३७४.४ करोड़ गज ।

(२) मोटा कपड़ा ६०.६ करोड़ गज।

(ख) साड़ियां :—

(१) बीच के दर्जे की ४८.३ करोड़ गज।

(२) मोटी २० लाख गज।

धोतियां:—

(१) बीच के दर्जे की ३६.४ करोड़ गज।

(२) मोटी १.१ करोड़ गज।

(ग) हथकरघे से बनी साड़ियों और धोतियों के उत्पादन के ठीक ठीक आंकड़े उपलब्ध नहीं हैं।

RESIN FACTORIES

1934. Shri Hem Raj: Will the Minister of **Commerce and Industry** be pleased to state:

(a) the total output of raw Resin in the country (State-wise);

(b) the number of resin factories, at present in the Public and Private sectors with their location State-wise; and

(c) whether Government have any proposal to run resin factories on co-operative lines in resin producing areas under the Second Five Year Plan?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) The estimated output is as under:—

Uttar Pradesh	2,60,000 mds.
Punjab	1,65,000 ,,
Himachal Pradesh	1,60,000 ,,
Jammu & Kashmir	70,000 ,,
Pepsu	30,000 ,,
TOTAL	6,85,000 mds

(b)

State	*No. of factories*
1. Utter Pradesh	5 (Private Sector)
2. Himachal Pradesh	1 ,,
3. Punjab	13 ,,
4. Jammu & Kashmir	1 (Public Sector)

(c) Government of India have no such proposal.

INDO-PAKISTAN TALKS

1935. { Shri D. C. Sharma:
Shri Kamath:

Will the **Prime Minister** be pleased to state:

(a) whether a Conference was held at Dacca on the 5th and 6th May, 1956 between the representatives of the Government of India and the representatives of the Pakistan Government to discuss the problems of exodus from East Bengal; and

(b) if so, the results achieved?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) Yes.

(b) It is too early to mention any tangible results. A copy of the Joint Communique issued at the conclusion of the Conference will be placed on the Table of the House on receipt.

EDUCATION IN N.E.F.A.

1936. Shri Rishang Keishaing: Will the **Prime Minister** be pleased to state:

(a) the number of tribal boys and girls from North East Frontier Agency trained in the Basic Training School at Margherita, so far;

(b) the amount of stipends awarded to the trainees; and

(c) how and where the successful trainess are given employment?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) to (c). 27 tribal boys and one girl from North East Frontier Agency are being trained in the basic system of education and 16 boys and 2 girls are being trained in Hindi at the Basic Education Training Institute at Margherità. Each trainee is being given a stipend of Rs. 50 per month. The trainees have not yet completed their training, and it is intended to employ them in their own areas, as far as possible, after they have completed their training.

EXCISE DUTY ON DHOTIES

1937. Shri Ibrahim: Will the Minister of **Commerce and Industry** be pleased to state:

(a) the amount that was collected during 1955-56 under the Dhoties (Additional Excise Duty) Act 1953; and

(b) how it has been utilised?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) The collections during 1955-56 (up to Feb. 56) amounted to Rs. 288,000.

(b) The collections have been credited to General Revenues.

FIRE IN INDIAN AMBASSADOR'S RESIDENCE AT HAGUE

1938. Shri Kamath: Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that the Indian Ambassador's residence at the Hague has been damaged by fire; and

(b) if so, the circumstances and details thereof?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) Yes.

(b) Enquiry is being conducted into the cause of the fire. It however appears that fire was caused by short circuit. Full extent of damage is also not known. The preliminary report has disclosed that second floor has been completely destroyed and several first floor rooms gutted.

DAILY DIGEST

[*Wednesday*, 9*th May*, 1955.]

ORAL ANSWERS TO QUESTIONS—

S. Q. No.	*Subject*	COLUMNS
2039	Pilot Projects for Small-Scale Industries	3507–10
2040	River Valley Projects	3510–13
2042	Flood Hydrology of Jamuna	3514
2043	Raw Film Industry	3514–15
2045	Fake Rent Notices to Displaced Persons	3516
2046	Appointments in Planning Commission	3516–20
2047	Commercial Officers in Indian Embassies	3520–22
2048	All-India Handloom Board	3522–23
2049	Export of Textiles	3523–25
2050	Match Industry	3525–27
2052	Damodar Valley Corporation	3527–28
2056	Mountaineering Expedition	3528–30
2057	Indians in Sikkim	3530–32
2058	Nuclear Tests	3532–35
2059	Community Projects in Uttar Pradesh	3535–38
2060	Salt Cess	3538–40

WRITTEN ANSWERS TO QUESTIONS—

S. Q. No.	*Subject*	COLUMNS
2037	Samadhi of Mahatma Gandhi	3540
2041	Chenopodium Oil	3540–41
2044	Indian Industries Fair	3541
2051	Thermal Power Station at Durgapur	3541
2053	Monazite Sands	3542
2054	N. E. F. A.	3542
2055	Karnal Evacuee Property Old Tenants Association	3542–43
2061	Script Censorship of Indian Films	3543–44
2062	Machinery for Textile Industry	3544
2063	Forward Trading	3544–45
2064	Shortage of Coal	3545–46
2065	Apex Weavers' Co-operative Societies for Handloom Cloth	3546
2066	Shortage of Coal	3546
2067	Indo-Japanese Agreement	3546–47
2068	Purana Qila Refugee Camp	3547
2069	Immigration Laws in Kenya	3547–48
2070	Canal Water Dispute	3548
2071	Survey of Hydro-Power Potential	3548–49
2072	Evacuee Houses in Delhi	3549
2073	Study of Water Resources in lower Mekong Basin	3550

WRITTEN ANSWERS TO QUESTIONS—

S. Q. No.	Subject	COLUMNS
2074	Government Residential Accommodation in Calcutta	3550–51
2075	Government Test House, Calcutta	3551
2076	N. E. F. A.	3551–52
2077	Baghdad Pact	3552–53
2078	Violation of Indian Air Space	3553
2079	Hot-Line Maintenance of Transmission Systems	3553
2080	New Names of Community Projects	3554
2081	Government Tests House Calcutta	3554
2082	Kashmir Issue	3554–55
2083	Second Five Year Plan	3555
U.S.Q. No.		
1894	Bagmati Project	3555
1895	Gandhi Sagar Dam	3555–57
1896	Community Projects and N. E. S. Blocks (Tripura)	3557–58
1897	Steel Technicians	3558
1898	Radio Station at Patiala	3558–59
1899	Kerosene Oil	3559
1900	Iron and Steel Dealers in PEPSU	3559
1901	Export of Cloth	3559–60
1902	Industrial Co-operative Match Factory	3560

WRITTEN ANSWERS TO QUESTIONS—

U. S. Q. No.	Subject	COLUMNS
1903	Development of Northern Border Areas	3560–61
1904	Resignation of Officers	3561
1905	Visit of Foreign Ministers	3561
1906	Teachers under Second Five Year Plan	3561
1907	Border Incidents	3562
1908	Exports	3562–63
1909	Spinning Mills	3563
1910	Rural Electrification	3563–64
1911	Films on Untouchability	3564
1912	Cash Doles to Displaced Persons	3564
1913	Giridih Collieries	3564–65
1914	Harijan Colonies	3565
1915	Woollenised Jute Production	3565–66
1916	Displaced Persons from East Bengal	3566
1917	Indian Ambassadors Abroad	3566–67
1918	Export of Seeds	3567–68
1919	Draft Second Plan of Madhya Bharat	3568
1920	Community Projects in Madhya Bharat	3568–69
1921	Indian Foreign Service	3569
1922	Irrigation by Tungabhadra Canal	3569
1923	Settlement Commissioners	3569–70
1924	Coir Board	3570

WRITTEN ANSWERS TO QUESTIONS—*contd.*

WRITTEN ANSWERS TO QUESTIONS—*contd.*

U.S.Q. No.	*Subject*	COLUMNS
1926	Industries in Andhra	3570-71
1927	Loans to Displaced Persons in Tripura. .	3571
1928	Major Irrigation works . . .	3571
1929	District Dovelopment Committees in Andhra . . .	3571-72
1930	Government Test House—Calcutta .	3572
1931	Government Test House . . .	3572-73
1932	Tribes in N. E. F. A.	3573-74
1933	Cloth Production .	3574-75
1934	Resin Factories	3575
1935	Indo-Pakistan Talks	3575-76
1936	Education in N. E. F. A. . . .	3576
1937	Excise Duty on Dhoties . . .	3576-77
1938	Fire in Indian Ambassador's Residence at Hague .	3577-78

GIPN—S3—116 Lok Sabha—15-3-57—840

Wednesday,
9th May, 1956

LOK SABHA
DEBATES

(Part II—Proceedings other than Questions and Answers)

सत्यमेव जयते

Preservation Unit
12/6/8
Fumigated
On 6.10.83
Parliament Library
24-2-95

LOK SABHA SECRETARIA
NEW DELHI

SIX ANNAS (INLAND) TWO SHILLINGS (FOREIGN)

CONTENTS

[Part II Debates, Volume V, 9th May to 30th May, 1956]

No. 61—*Wednesday, 9th May,* 1956

	COLUMNS
Papers laid on the Table .	7719
Business Advisory Committee—	
Thirty-fifth and thirty-sixth Reports . . .	7719
Committee on Private Members' Bills and Resolutions—	
Fifty-second Report	7720
Leave of Absence . .	7720–21
Correction of answer to Starred Question	7721–22
Business Advisory Committee—	
Thirty-fourth Report . . .	7722–23
Business of the House	7723–26
Motion *re* draft notifications under the Indian Coinage Act, 1906	7726–44
Constitution (Tenth Amendment)—	
Motion to refer to Joint Committee	7744–7826
Agricultural Produce (Development and Warehousing) Corporations Bill—	
Motion to consider	7826–40
Daily Digest	7841–44

No. 62—*Thursday, 10th May,* 1956.

Paper laid on the Table	7845
Arrest and Detention of Members	7845–46
Indian Red Cross Society (Amendment) Bill	7846–47
Agricultural Produce (Development and Warehousing) Corporations Bill—	
Motion to consider	7847–7980
Daily Digest	7981–82

No. 63—*Friday, 11th May,* 1956.

Message from Rajya Sabha	7983
Manipur State Hill Peoples (Administration) Regulation (Amendment) Bill	7983–84

Election to Committees— COLUMNS
  Estimates Committee 7984–85
  Public Accounts Committee 7985
Motion *re* association of Members of Rajya Sabha with Public Accounts Committee 7985–86
Business Advisory Committee—
  Thirty-fifth and Thirty-sixth Reports . 7986–93
Business of the House 7994–95
Agricultural Produce (Development and Warehousing,) Corporations Bill—
  Motion to consider. . . . 7995–8008
  Clauses 2 to 55, 1 and the Schedule . . 8008–70
  Motion to pass as amended 8071–75
Committee on Private Members, Bills and Resolutions—
  Fifty-second Report 8075–76
Resolution *re* Ceiling on Income of an Individual . 8076–8130
Daily Digest 8131–32

No. 64—*Monday,* 14*th* *May,* 1956.

Papers laid on the Table 8133–36
President's Assent to Bill . . . 8136
Committee on Subordinate Legislation—
  Fourth Report 8136
States Reorganisation Bill . . . 8136–41
Constitution (Ninth Amendment) Bill . . 8141
Life Insurance Corporation Bill . . 8141–42
Travancore-Cochin Budget 8142–8358
  General Discussion 8142–8259
  Demands for Grants 8259–8356
Travancore-Cochin Appropriation Bill . 8357–58
Daily Digest 8359–60

No. 65—*Tuesday,* 15*th* *May,* 1956

Statement *re* Second Five Year Plan 8361–67
Papers laid on the Table . . 8361
Messages from Rajya Sabha 8367–68
Representation of the People (Second Amendment) Bill—
  Motion to consider, as reported by Select Committee . . 8368–8498
Daily Digest 8499–8500

No. 66—*Wednesday,* 16*th* *May,* 1956

COLUMNS

Papers laid on the Table 8501

Committee on Private Members' Bills and Resolutions—
  Fifty-third Report 8501

Business of the House —
  Discussion on Second Five Year Plan . 8501–12

Indian Income-tax (Amendment) Bill . . . 8512

Representation of the People (Second Amendment) Bill—
  Motion to consider as reported by Select Committee . 8512–18
  Consideration of clauses 8518–8665
    Clauses 4, 5 and 7 8519–70
    Clauses 2, 3, 6, and 8 to 40 8570–8640
    Clauses 41, 42 and 47 8640–65

Message from Rajya Sabha . 8666–67

Daily Digest 8669–70

No. 67—*Thursday,* 17*th* *May,* 1956

Constitution (Tenth Amendment) Bill 8671–72

Representation of the People (Secodn Amendment) Bill as reported by Select Committee—
  Clauses 41 to 83 8672–8822
  Motion to pass as amended . . 8822–24

Daily Digest . . . 8825–26

No. 68—*Friday,* 18*th* *May,* 1956

Paper laid on the Table . 8827

Messages from Rajya Sabha . . . 8827–28

Industrial Disputes (Amendment) Bill . 8828

Estimates Committee—
  Twenty-seventh Report presented 8829

Indian Institute of Technology (Kharagpur) Bill 8829

Travancore-Cochin State Legislature (Delegation of Powers) Bill 8829–31

Representation of the People (Second Amendment) Bill, as reported by Select Committee—
  Motion to pass, as amended 8832–67

Life Insurance Corporation Bill—
  Motion to consider, as reported by Select Committee . 8867–8906

8—147 Lok Sabha

COLUMNS

Committee on Private Members' Bills and Resolutions—
  Fifty-third Report 8906–07
Indian Penal Code (Amendment) Bill (*Amendment of Section* 494) 8907
Mines (Amendment) Bill (*Amendment of Sections* 33 *and* 51)—
  Motion to consider 8908-27
Indian Adoption of Children Bill—
  Motion to consider 8927–32, 8936–52
Business of the House . 8932–36, 8936
Rules Committee—
  Fourth Report . . 8936
Daily Digest . . 8953–56

No. 69—*Monday*, 21*st May*, 1956

Motion for adjournment . . . 8957–59
Business of the House 8959–63
Paper laid on the Table . . . 8963
Message from Rajya Sabha . . . 8963–68
Estimates Committee—
  Twenty-eighth Report . . 8968
Life Insurance Corporation Bill—
  Motion to consider as reported by Select Committee . 8968–9085
  Consideration of clauses—
    Clause 2 9085–9100
Daily Digest 9101–02

No. 70—*Tuesday*, 22*nd May*, 1956

Motion for Adjournment—
  Alleged deaths of some Nagas due to starvation 9103–06
Release of Members 9106
Calling attention to matter of urgent public importance—
  Government's policy with regard to Algeria 9106–10
Life Insurance Corporation Bill, as reported by Select Committee . 9110–9238
    Clauses 4, 19 and 22 9112–56
    Clauses 11 and 12 9156–86
    Clause 14 9186–95
    Clauses 25 and 29-A 9195–9238
Papers laid on the Table 9238
Daily Digest 9239–40

No. 71—Wednesday, 23rd May, 1956

COLUMNS

Motion for adjournment and calling attention to matter of urgent public importance—
  Railway Workers strike at Kharagpur and Kazipet Junction . . . 9241–54
Papers laid on the Table . . . 9254
Message from Rajya Sabha . . . 9255
Committee on Private Members' Bills and Resolutions—
  Fifty-fourth Report . . . 9255
Petition *re* Indian Posts and Telegraphs Act . . . 9255
Constitution (Tenth Amendment) Bill . . . 9255
Statement *re* exodus of Hindus from East Pakistan . . . 9255–61
Life Insurance Corporation Bill, as reported by Select Committee . . . 9262–9345, 9346–83
  Clause 43 . . . 9262–78
  Clauses 16, 35, 36 and the Schedules . . . 9278–9345
  Clauses 5 to 10, 13, 15, 17, 18, 20, 21, 23, 24, 26 to 34, 37 to 42, 44 to 49 and 1. . . . 9278–9345
  Motion to pass as amended . . . 9283
Resolution *re* Second Five Year Plan . . . 9383–9412
Business Advisory Committee—
  Thirty-seventh Report . . . 9412
Daily Digest . . . 9413–16

No. 72—Friday, 25th May, 1956

Calling attention to matter of urgent public importance—
  Lock-out in cashewnut factories . . . 9417–19
Resolution *re* Second Five Year Plan . . . 9419–35, 9438–9501
Business of the House . . . 9436–38
Committee on Private Members' Bills and Resolutions—
  Fifty-fourth Report . . . 9501–02
Resolution *re* ceiling on income of an individual . . . 9502–34
Resolution *re* enquiry into working of Income-Tax Department . . . 9534–52
Half-an-hour discussion *re* Sugar-cane . . . 9552–68
Daily Digest . . . 9569–70

No. 73—Saturday, 26th May, 1956

Papers laid on the Table . . . 9571, 9574–75
Estimates Committee—
  Twenty-ninth and Thirtieth Reports . . . 9571
Petition *re* Indian Posts and Telegraphs Act . . . 9571

COLUMNS

Calling attention to matters of urgent public importance—
- Rise in price of rice in Tripura 9572–73
- Continued firing by Pakistan forces into Indian territory . 9573–74

Business Advisory Committee—
- Thirty-seventh Report 9575–79

Ruling *re* bringing employer-employee disputes before House 9579–81

Resolution *re* Second Five Year Plan 9581–9704

Message from Rajya Sabha 9704–06

Representation of the People (Second Amendment) Bill . . 9706

Daily Digest 9707–10

No. 74—*Monday,* 28*th* *May,* 1956

Papers laid on the Table 9711–14

President's Assent to Bills . 9714

Estimates Committee—
- Thirty-first Report 9714

Business of the House 9714–16

Travancore-Cochin State Legislature (Delegation of Powers) Bill—
- Motion to consider 9714, 9716–49
- Clauses 2, 3 and 1. 9749–84
- Motion to pass, as amended . . . 9784

Indian Income-tax (Amendment) Bill—
- Motion to consider 9784–97
- Clauses 1 and 2 9797
- Motion to pass 9797

Discussion *re* Strike situation in Kharagpur 9797-9852

Half-an-hour Discussion *re* National Discipline Scheme . 9852–64

Daily Digest 9865–68

No. 75—*Tuesday,* 29*th* *May,* 1956

Papers laid on the Table . 9869–70

Estimates Committee—
- Thirty-Second Report 9870

Public Accounts Committee—
- Sixteenth Report 9870

Committee on Absence of Members from the Sittings of the House—
- Fifteenth Report 9870

Statement *re* Lock-out in cashewnut factories . 9870–71

COLUMNS

Arrest and release of a Member . . . 9871

Business of the House . . . 9871–74

Constitution (Tenth Amendment) Bill—
  Motion to consider, as reported by Joint Committee . . . 9874–9958
  Clauses 2 to 4 and 1 . . . 9957–76
  Motion to pass, as amended . . . 9976–78

Motion *re* Working of Preventive Detention Act . . . 9979–95

Half-an-hour Discussion *re* Action taken on Jaundice Enquiry Committee's Report . . . 9995–10006

Message from Rajya Sabha . . . 10006

Daily Digest . . . 10007–10

No. 76—Wednesday, 30th May, 1956

Calling attention to matter of urgent public importance and Motion for adjournment—
  Disturbances at Kalka Railway Station . . . 10011–26

Papers laid on the Table . . . 10026–28

Estimates Committee—
  Thirty-third Report . . . 10028

Committee on Petitions—
  Ninth Report . . . 10029

Leave of Absence . . . 10029

Correction of answer to Unstarred Question . . . 10029

Manipur State Hill Peoples (Administration) Regulation (Amendment) Bill . . . 10029–31

Representation of the People (Second Amendment) Bill—
  Amendments made by Rajya Sabha agreed to . . . 10032–37

Business of the House . . . 10037–38

Motion *re* Working of Preventive Detention Act . . . 10038–124

Discussion *re* Exodus of Hindus from East Pakistan to India . . . 10125–63

Messages from Rajya Sabha . . . 10163–64

Discussion on Rules *re* emergency recruitment to I. A. S. . . . 10164–90

Half-an-hour discussion *re* Employees' Provident Fund Act . . . 10190–97

Copyright Bill . . . 10197–98

Daily Digest . . . 10199–204

Resume of the Twelfth Session . . . 10205–08

GIPN—S4—147 Lok Sabha—26-3-57—840

LOK SABHA

Wednesday, 9th May, 1956

The Lok Sabha met at Half Past Ten of the Clock

[MR. SPEAKER *in the Chair*]

QUESTIONS AND ANSWERS

(*See* Part I)

11-31 A.M.

PAPERS LAID ON THE TABLE

AGREEMENT ON CANADA-INDIA COLOMBO PLAN ATOMIC REACTOR PROJECT

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): I beg to lay on the Table a copy of each of the following papers:

(1) Agreement on the Canada-India Colombo Plan Atomic Reactor Project.

(2) Messages exchanged between the Prime Ministers of Canada and India and Statement published on the occasion of the signing of the above Agreement.

[*Placed in Library. See* No.—S—146/56].

STATEMENT SHOWING ACTION TAKEN BY GOVERNMENT ON ASSURANCE GIVEN

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): I beg to lay on the Table Supplementary Statement No. II showing the action taken on assurance given by the Minister of Food and Agriculture in reply to Unstarred Question No. 1263 on the 20th April, 1956. [*See* Appendix XII, annexure No. 37.]

BUSINESS ADVISORY COMMITTEE

THIRTY-FIFTH AND THIRTY-SIXTH REPORTS

Sardar Hukam Singh (Kapurthala-Bhatinda): I beg to present the Thirty-fifth and Thirty-sixth Reports of the Business Advisory Committee.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

FIFTY-SECOND REPORT

Sardar Hukam Singh (Kapurthala-Bhatinda): I beg to present the Fifty-second Report of the Committee on Private Members' Bills and Resolutions.

LEAVE OF ABSENCE

Mr. Speaker: The Committee on Absence of Members from the Sittings of the House in its Fourteenth Report has recommended that leave of absence may be granted to the following members for the periods indicated in the Report:

Shri Udai Shankar Dube, Shrimati Indira A. Maydeo, Shri H. C. Heda, Shri Kotha Raghuramaiah, Shri T. A. N. Subramania Chettiar, Shri Atulya Ghosh, Shri N. Somana, Shri Sofi Mohd. Akbar, Shri Shibbanlal Saksena, Shri P. T. Punnoose, Dr. Satyaban Roy, Shri L. Elayaperumal, Shri Tridib Kumar Chaudhuri, Shri Sarju Prasad Misra, Shri A. V. Thomas, Shri Shahnawaz Khan, Shrimati Ila Palchoudhury, Shri Tushar Chatterjea.

I take it that the House agrees with the recommendation of the Committee.

Shri Kamath (Hoshangabad): On a point of information, Sir. In the last paragraph, that is paragraph 21 of this Report, it is stated:

> "A statement showing names of Members who have been continuously absent from the sittings of the House for more than 15 days during the Twelfth Session (position as on 9-4-56) is laid on the Table."

Does this mean that these Members—of course, a statement has ben laid already on the Table—have been absent from the sittings of the House without any request or application for leave? What does it mean exactly?

Shri Altekar (North Satara): In that case, the leave was granted by the House and the statement shows how many were absent. . . .

Mr. Speaker: The hon. Member wants to know whether they absented without any application or permission from the House.

Shri Kamath: Without any request or application for leave.

Shri Altekar: It is not that. Those Members were absent with leave. Their names are given so that hon. Members may know during the whole period how many Members were absent for 15 days and more.

Shrimati Renu Chakravartty (Basirhat): Is it not a fact that permission is needed only when a Member is absent for more than 60 days?

Mr. Speaker: Not necessary for 15 days. But what happens is that hon. Members know for themselves how long they are likely to be absent and whether they need apply for leave. Sometimes they may come within the mischief of 60 days, and therefore, they send applications in advance. We have merely given those names for which applications have been received and who have been continuously absent for 15 days or more.

Shri Syamnandan Sahaya (Muzaffarpur Central): Is it necessary to apply for leave if a Member is absent for more than 15 days but less than the period when he will be debarred?

Mr. Speaker: It is not necessary. It is safer for him to apply for leave. But it is absolutely left to his own choice. If any hon. Member stays away for a long time, the House will naturally like to know about it, and if he is interested in keeping the House informed, he may do so.

I take it that the House agrees with the recommendations of the Committee.

Hon. Members: Yes, Sir.

Mr. Speaker: The Members will be informed accordingly.

CORRECTION OF ANSWER TO STARRED QUESTION

The Minister of Industries (Shri Kanungo): In part (a) of Starred Question No. 1203 (answered on the 5th April, 1956) Pandit D. N. Tiwary had asked whether fountain pens of "Parker 51" and "Shaeffer" quality are being manufactured in the country. As Pandit D. N. Tiwary was not present in the House during the Question Hour, an answer (in the affirmative) was laid on the Table of the Lok Sabha. Actually, the answer should have been in the negative. I regret the inaccuracy that has crept in due to a typographical error and seek your permission to correct that answer by subsisting the following:

"No, Sir."

BUSINESS ADVISORY COMMITTEE

THIRTY-FOURTH REPORT

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): I beg to move:

> "That this House agrees with the Thirty-fourth Report of the Business Advisory Committee presented to the House on the 7th May, 1956."

Shrimati Renu Chakravartty (Basirhat): May I seek some information? In the Thirty-fourth or Thirty-fifth Report is the States Reorganisation Bill mentioned? May I know whether this has been finally postponed?

Mr. Speaker: Not in this; this relates only to Insurance. . . .

Shrimati Renu Chakravartty: Originally we wanted to take it within the purview of the work which will have to be done in this Session. I would like to know whether that has been shifted.

Mr. Speaker: Hon. Members are aware that the Joint Committee has to report to the House by the 14th May. If anything has happened in the Joint Committee, the Chairman of the Committee will certainly intimate to the House. Any hon. Member may ask the Chairman of the Committee and obtain information. If nothing happens till then, we will see what has to be done with regard to the Joint Committee.

Shri T. Subrahmanyam (Bellary): May I request the Minister of Parliamentary Affairs to inform us up to what date the House will be sitting this Session?

Mr. Speaker: That does not arise out of this motion.

Shri Punnoose (Alleppey): Is it not time to enquire when the House will rise? Can any information be given or not? This is a business of this Committee.

Mr. Speaker: Is it an amendment to this motion? No.

The question is:

> "That this House agrees with the Thirty-fourth Report of the Business Advisory Committee presented to the House on the 7th May, 1956."

The motion was adopted.

BUSINESS OF THE HOUSE

Mr. Speaker : With respect to the point raised by hon. Members, sometime ago, I remember that Shri Kamath asked the Leader of the House to inform the House week by week, every Friday, the position regarding the progress of work, the coming work for the next week and allied matters. With respect to this matter, the position is that it is pending before the Joint Committee. In one form or another it will come up before the House in two or three days. Therefore, that is the occasion—every Friday —for any question to be raised regarding the work that may come up before the House in the next week, and if any alteration has to be made, Government of its own accord, without any question being put, will intimate to the House the alterations that will be made. It is not that I want to shut out questions. Every day let not an hon. Member get up and say "I hear certain rumours and I want to know what is going to happen". Whatever happens must happen by the statement on a Friday, and if somehow any other things have to happen, Government will try to report to the House as to what ought to happen.

Dr. Lanka Sundaram (Visakhapatnam): I hope your ruling does not preclude extraordinary situations being brought before the House.

Mr. Speaker: No, they can be brought before the House.

Shri U. M. Trivedi (Chittor): Anyhow, we would like to know whether the House is going to sit only upto the 31st May. Or is it contemplated immediately now, today, that it is going to sit a little longer ?

Shri H. N. Mukerjee (Calcutta—North-East): Would he be good enough to convey to the Leader of the House that the House expects him this Friday to give some definite information ?

Mr. Speaker: Certainly; he will do so. It is already agreed that every Friday some statement must be made regarding the work that will come before the House in the next week.

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha) : The difficulty is this. On the last occasion, I had anounced in the House the business for practically the whole of this month, right up to the 28th. After that, Shri Kamath raised that point and we have agreed to do so. So, the question cannot arise on Friday as I have already announced the business. (*Interruptions.*)

Dr. Lanka Sundaram : The specific point that is now sought to be clarified is this. Are we sitting beyond the 31st or not ? That question has not been answered.

Shri Satya Narayan Sinha: The House is not going to sit beyond the 31st of May.

Dr. Lanka Sundaram : On a point of order. Statements have repeatedly been made in this House and other places that the S.R.C. Bill and the Constitution (Amendment) Bill will be disposed of in the current session. In the light of the mandate given by the House, you directed the Joint Committee to report by the 14th. Now, the Minister says that the House will adjourn after the 31st. Where do we stand ?

Mr. Speaker : We stand where we stand. There is no point of order. The hon. Minister answered a question whether the House would sit beyond the 31st. The Joint Committee has to report on the 14th. It is open for it to say the difficulties. It has not yet submitted the report. It may or may not submit the report. We do not know. After the report is submitted, let us see if the whole work could be done by the 31st. Therefore, hypothetically, I am not able to give an answer.

Shri H. N. Mukerjee: Up to the present point of time, the House and the country have been given to understand that the S.R.C. Bill would be pushed through in this session. The Minister, presumably on the instructions of the Cabinet, says that this session will not continue after the 31st of this month. You have already indicated that you do not know exactly the whereabouts of the Joint Committee. From all indications it appears that it will not be possible for the S.R.C. Bill to be passed by

[Shri H. N. Mukerjee]

the Parliament in this session. That is something about which the country is very keenly interested. The opposition has very strong views about it. We want the Government to come up here and say what exactly is going to happen.

Shri Satya Narayan Sinha: It will be made perfectly clear on the 14th, the date fixed for the report of the Joint Committee.

Mr. Speaker: Let us await the results —I mean the report of the Joint Committee. After they finish their work, the question will arise. If they have not finished their work, let us see why they have not been able to finish it.

Shri Mukerjee: My point is this.

Mr. Speaker: How long are we to go like this? The matter has been referred to the Joint Committee. Even this House has no right to ask it something at this stage. Let it go into the matter and make a report. After that, the House and the Government will be in a position to see. What is the meaning of an hon. Member asking: "What is the Government going to do?". Let us wait until the 14th.

Shri H. N. Mukerjee: If you will bear with me for a moment. My submission is that from what the Minister has said just now, certain consequences flow of which the country and this House should take note. It so happens that the country has been given to understand that, for the sake of holding the elections as scheduled, it was very necessary to have the S.R.C. Bill passed in this session, as soon as it was possible. It is very important for the country and particularly for the opposition parties to know for certain if Government has changed its views in this regard. I want Government to make a well-considered and deliberate pronouncement on the subject. I do not wish the Minister of Parliamentary Affairs to pop up here and say something which, possibly, will be repudiated by the Home Minister or the Prime Minister. This is a matter to which Government should give proper attention and then come to this House and tell us very definitely as to what it has in view.

Shri Satya Narayan Sinha: On the 14th the position will be made perfectly clear. They will know in detail what they are anxious to know.

Dr. Lanka Sundaram: There is one point which apparently has not been noticed by you and by the House so far. We are not asking for advance information. Definite commitments made in this House have been broken; because one Chief Minister makes a statement, the whole time-table is thrown out of order. Commitments have been made here that the Bill will be pushed through in the current session of Parliament. The Minister here says that the House will not sit after the 31st.

Mr. Speaker: I would only request hon. Members to consider one matter. Is it open to any hon. Member to rise at any moment and say: "What about this? The hon. Minister or the Leader of the House must be ready with an answer." They go on saying that this has been broken and that has been broken. I would urge upon the hon. Members to give sufficient time so that the matter may be considered. It is not a matter on which, on the spur of the moment, a decision can be taken. The matter is in the hands of the Joint Committee and let us see what it does. It is an organ of this House and hon. Members are there. They are entitled to take an independent view of what happens. It is not merely for the Government to commit this House in advance. Any hon. Member can ask about something and say that the Government is wrong. I am really surprised at this. I am not going to allow this kind of getting up and asking "What does the Government say?". Government has agreed to say something definite every week. When the question was put, it was answered. Let us await the 14th. Nothing is going to happen before the 14th.

MOTION *RE*: DRAFT NOTIFICATIONS UNDER INDIAN COINAGE ACT

Shri Kamath (Hoshangabad): I have given a motion. I shall read it.

Mr. Speaker: It is on the Order Paper. The hon. Member may kindly explain it to the House and the consequences.

Shri Kamath: I will not read it then.

Mr. Speaker: If he finds it necessary to read, let him read. I have no objection.

Shri Kamath: I will first read the whole thing. I will be brief. I beg to move:

> "That this House resolves that the following amendments be made to the notifications of the Ministry of Finance regarding the nomenclature and denominations of the decimal coins proposed to be issued under sections 6 and 14 (1) of the Indian Coinage Act, 1906, which were laid on the Table on the 30th November, 1955 :
>
> (1) Page 2, Part II (b), in column 2—
>
> (i) *against* 'Rupee or 100 Naya Paisa' *for* 'Nickel' *substitute* 'Stainless steel' ; and
>
> (ii) *against* '½ Rupee or 50 Naya Paisa' *for* 'Do' *substitute* 'Nickel'.
>
> (2) Page 2, Part II, *Designs*—
>
> *against* 'obverse', *after* 'thereon' *add* :
>
> 'सत्यमेव जयते'' at the foot of the Lion Capital.
>
> (3) Page 2, Part II, *Designs*, against '*Reverse*',
>
> (i) *for* भाग wherever it occurs *substitute* अंश; and
>
> (ii) *for* 'the Ears of Corn' *substitute* 'The Tiger'."

This notification has had a somewhat chequered career. It was laid on the Table of the House at the end of November. Then, I tabled certain amendments. It was not taken up in the last session. I enquired here when I came back for this session as to what fate has overcome the notification. The Parliament Secretariat was very helpful to me in this matter, as in many other matters. I hold the view that this Secretariat is far more efficient than the other Secretariat across the Raj Path or the Great Place. They have been very helpful in this matter, because, though I had not retained copies of the amendments I was able to get the copies from here. I gave notice again of the amendments from the point of view of 'safety first'. I had given notice of the amendments during the last session, but I was afraid that they might have lapsed and so I gave notice in this session again, and here they are for what they are worth.

Sir, insatiable curiosity, which, as the philosopher says, is the mother of all knowledge, drove me to find out the position in the other countries of the world and this brief research has yielded this result. Out of about 50 countries of the world—I do not propose to read all the names and take the time of the House unnecessarily—about 25 have got silver for their highest denomination coin, 23 have got gold for their highest denomination coin,—whatever it is, I do not want to mention the names of the coins also ;—one country, Argentina,—has got nickel and one little country—I do not know whether it is a free country or a colony, I am not sure—Azores, has got copper for its highest denomination coin.

Shri U. M. Trivedi (Chittor) : 90 per cent of the people do not know where Azores is.

Shri Kamath: That is what I got from this book, which seems to be a standard book on this subject. So, out of the 50 countries, there are 25 with silver, 23 with gold, one with nickel and one with copper for their highest denomination coin.

We Sir, of free India, one of the biggest countries and powers in the world—anyway, one of the biggest countries, if not powers. . .

Mr. Speaker: Order, order. He will kindly bear with me; does it arise out of the notifications? There is already an Indian Currency and Coinage Act, or the Mint Act. I remember, a number of years ago the rupee silver was changed into nickel. Even before this decimal notation was introduced, there was a nickel rupee. Now the decimal has only tried to change this fraction of 16 annas in the rupee into 100 cents or divisions. In this, the scope of the new Bill is very limited. It does not go into the question as to what ought to be the metal in which the highest coin ought to be maintained. That is all governed by the existing Act. Now, the only question is whether it should be 16 divisions. Even that decision has been taken. I do not know exactly what the position is. Possibly in the 'reverse' and the 'obverse' some more figures and other things may be suggested. I would like to know what exactly the position is.

Shri Kamath: In the rupee that would be struck at the Mint under this Act which we have passed, there will be 100 cents, rather *naye paise*. That is to say, will it be worth 1¼ times the present rupee? Is the new coin not the same rupee as we are handling now?

An Hon. Member: It is the same coin.

Shri Kamath: Therefore I propose this when the new coin is minted under the new Act which we, in Free India, have passed. In this connection I would invite your attention, Sir, to this. The British Government, after World War II. . .

Mr. Speaker: Is this new coin 1¼ times the old coin? I think the new coin is the same as the old coin, is it not? The only thing is that the new coin is divided into 100 portions, and that is not in the coin. The coin will be equal to 100 units, whereas the old coin was equal to 16 anna units or 192 pies units. That is all the difference. The value of the previous rupee coin is the same as that of the new coin. Only the fractions are different. There is no change in the rupee coin and, therefore, it is beyond the scope of the Bill or the notification.

Shri U. M. Trivedi: The hon. Minister should take stock of this position, that, if a man of Shri Kamath's calibre, an I.C.S. Officer, can commit a mistake of changing the new rupee to 1¼ times the present rupee, what will happen to the poor public? The hon. Finance Minister should take stock of that position.

Mr. Speaker: The hon. Member must have reinforced his argument on this at an earlier date. Now, this is a different matter. Let us proceed to the other point.

Shri Kamath: I am coming to that. The British Government, after World War II, resorted to nickel.

Mr. Speaker: That is beyond the scope of this. I do not want to shut out any interesting matter that is brought up before the House. I am also interested in hearing as many good things as possible. But, here, this is foreign to the scope of this notification. We are not finding out whether it ought to be gold or silver. We start with a nickel coin. Whether it should be 100 cents or the old 16 annas and 192 pies is the point here. The question is, so far as small coins are concerned, what denominations they ought to be and what ought to be the figures.

Shri Kamath: In one of the previous sessions, that is at the end of July, 1955, when I raised this question as to whether the Government would postpone the debate till the Government made up its mind regarding the designation, denomination etc., the Prime Minister gave an assurance. This has been brought before the House only in pursuance of that assurance. There is nothing in the Act compelling the Government to place the notifications before the House. The Prime Minister give a solemn assurance in this House on the 29th July, 1955—I will read out the relevant portion, Sir—when he said:

> "If that has not come within the law then we shall bring a small amendment to make that clear. Our whole inclination and desire is to keep the paisa. The slight technical matters will have to be examined. We shall place this matter before the House quite in good time before the actual thing is done so that the House will have every opportunity to consider it."

Now, Sir, I want to get your leave. . .

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha): As far as I recollect, Sir, you also intervened in the debate. The assurance was given that the matter may be discussed only as far as the designation of the lower unit coin is concerned.

Mr. Speaker: You wanted to call it cent, or whatever it is. It was asked: "Why don't you retain the name 'paisa' which has got so much of currency and because our people are accustomed to it?" That is the only point here.

Shri A. C. Guha: Sir, the assurance was on a specific issue and you also then intervened. There was a persistent demand that the old term 'paisa' should be retained. The Prime Minister gave a sort of assurance that we shall try to retain the term, the notification will be there and the Members can raise a discussion on that point.

Shri Kamath: Do you think, Sir, that the question of metal is out of order?

Mr. Speaker: Legally, it is out of order and it does not arise. But I would like to avoid that expression 'out of order' with respect to Shri Kamath and I will tell him that it does not arise.

Shri Kamath: Is it not open to the Government to consider metal for the new coins?

Mr. Speaker: Now if they change over to silver, they will have to modify the Currency and Coinage Act or the Mint Act. By modification of the Act, they have changed over from silver to nickel of so much weight, quality and so on. If these stipulations are not there, any man can spuriously manufacture the coin and there is no method of comparison. Therefore, so much of silver of such fineness or gold of so many karats and so on, are all things which are known to the hon. Member. These do not arise out of this notification. The hon. Member can proceed with other matters.

Shri Kamath: I want to say only one thing. We had silver before 1946.

Mr. Speaker: It is unfortunate that long ago we gave up silver and so much money was realised.

Shri Kamath: If Parliament cannot make a recommendation in this regard...

Mr. Speaker: It was considered before Shri Kamath was here.

Mr. Speaker: It was done during the interregnum.

Shri Kamath: Oh! I see. I am sorry.

Shri Kamath: Then I go to my other amendments. I think that is all right: nickel for rupee, half a rupee or a four-anna coin, I mean the *chauanni.*

12 NOON.

My last two amendments are about the designs —"सत्यमेव जयते"— at the foot of the Lion Capital. At present only the terms Bharat in Hindi and India in English are inscribed thereon. I would certainly like to have the entire crest that we have adopted for Government purposes, inscribed on these coins. Not only the Lion Capital of the Asoka Pillar but also inspiring words *satyameva Jayate* should be inscribed on these coins. Of course, their deeds may not conform to these inspiring words, but these words may be a reminder to the Government as well as to the people. I do not know why the Government forgot about this particular matter when they included the Lion Capital, the Asoka Pillar and all that. Perhaps it was an oversight, and through an oversight they have forgotten *Satyameva Jayate*. I think if those words are included here, that would be a good thing considering the manner in which and the way in which our Government is conducting its business! I think it would be very wise to have these words *Satyameva Jayate* on the new coins.

I would then come to the other aspect, namely the word भाग. I am not very keen on that, but I thought अंश was a better word instead of भाग. भाग In Hindi means a different thing in a certain context. Therefore, I thought it might be अंश.

The next amendment is:

for 'the Ears of Corn' *substitute* 'the Tiger'.

I had some coins here with me showing the tiger. The tiger appears on the old eight-anna and four-anna coins. But in the subsequently minted coins, the Ears of Corn appear. You know, Sir, that we had the elephant in the crest of the Constituent Assembly. Later on we discarded the elephant, and I think it is time that we had the Royal Bengal tiger or merely the Indian tiger inscribed on these coins.

Mr. Speaker: The tiger eats away whereas the corn can be eaten. Therefore, it is a good change from the tiger to the corn.

Shri Kamath: I am reminded of a story in this context, but there is no time. It is an election story.

Shri Asoka Mehta (Bhandara): Let us hear the story.

Shri Kamath: There is no time now. I shall tell it outside the House.

I hope my friends would not take it amiss when I say that these Ears of Corn seem to be an act—for want of a better word I shall say—of tampering with the election symbol of a recognised political party. I mean, it is not merely a symbol by itself but it is a colourable imitation of that election symbol. I do not think it is wise for the Government to adopt a symbol or a colourable imitation of a design of any political party.

Shri A. C. Guha: What is the election symbol involved here? I could not follow.

Shri Kamath: I do not mean the Congress Party. Of course, their symbol is the bullocks, and we know it. I am talking of the Communist party. My friends here, the Communists have got a symbol and what is proposed for the new coins is a colourable imitation of that symbol.

Mr. Speaker: Is the hon. Member afraid that the whole Government is becoming Communistic?

Shri Kamath: It might create that impression which I do not want to be created. There may be an impression that there is a sort of coalition between the Congress and the Communist party. I would not like that impression to be created in the country.

Shri Asoka Mehta: Not prematurely.

Shri Kamath: I accept that wording, that amendment.

Mr. Speaker: As I said, the tiger eats away but the corn can be eaten.

Shri Kamath: The tiger is not the symbol of a recognised political party. There are four recognised political parties, in this country. One has got a pair of bullocks with the yokes on, I believe. Another party has got a hut as symbol. The third has got some other symbol—I mean the Jan Sangh party, and the fourth which is the Communist party has a sheaf of corn and a sickle. The sickle is missing in the coin here, but there is the sheaf of corn. I would, therefore, personally prefer that any other design which does not resemble any party symbol of any recognised political party—an election symbol—should be adopted by the Government. None of these symbols of these four political parties should be adopted or adapted by the Government. Therefore, I would suggest that our good old tiger will be the best in the circumstances.

One last word and I have done. I hope the Government will not take the view, so far as this matter is concerned, that the Prime Minister took when he was intervening in the debate in July last. He was pleased to say in another context on the same Bill—in a different context—that "if we think it is right, then it is right". Regarding the propositions made here, he said that it is not fair to consult the people and the country about this matter, and for that matter, he asked "Do we consult the people on the theory of relativity, not knowing that comparisons are odious sometimes. There is no relation between the theory of relativity and decimal coinage. This is a practical proposition here. Very few know the theory of relativity, and I doubt whether anyone or anybody has understood it well. The Prime Minister said, "if we think it is right, then it is right". That should not be the approach.

Shri Asoka Mehta: That is the theory of relativity!

Shri Kamath: I hope Government will not approach problems including this one in that spirit. Government will certainly concede any salutary changes that may be proposed by this House, and just because it is not supported by a majority, we should not reject a salutary change off-hand. May I, therefore, commend these amendments to the acceptance of the House and ask the Minister of Revenue and Defence Expenditure to consider the suggestions that I shall make in regard to another aspect of this question? We are missing the Finance Minister here for the last so many days. I do not know what the matter is.

Shri A. C. Guha: Is it also relevant for the discussion here?

Shri Kamath: I will put to him my difficulty. During the interregnum or the interim transitional period, I do not know whether the Government have fixed any definite dates for the following. Firstly, when will the Act come into force? Secondly, will the *naye paise* and the *purane paise* be in concurrent or simultaneous circulation? Thirdly, have they fixed the date on which the *paise* will be withdrawn from circulation? I also want to know whether after the last date for the withdrawal of the *purane paise*, those *naye paise* will simply be called *paise* or not. I think we should revert to simple *paise*. There is no point in keeping to the term *naye paise* for all time. That aspect is not clear from the notification. The Government should make it clear as to what their schedule of programme is for the enforcement of this Act and what the publicity and the educative arrangements are for the benefit of the people, especially in the rural areas, in regard to this rather difficult matter.

I shall cite a practical instance as to what might happen. How much will the post office charge for a one-anna stamp, when the new coins come into circulation? I got a little confused at the time when Shri U. M. Trivedi made the point. Will they charge for a one-anna stamp 6¼ *naye paise*? Or, will it be seven naye paise? The Government have set a very fine example of rounding off fractions of a coin to the nearest integer or the whole number, particularly on the railways and also in regard to some other departments perhaps. So, here, this difficulty may arise. Perhaps they might issue new stamps. I want to know whether a one-anna stamp will be charged in the future at 6¼ *naye paise* or seven *naye paise*. Suppose I want to buy a cigarette packet. I do not smoke, but suppose I want to buy it for my friends. It costs 10 annas or 12 annas, say. Suppose I possess one 8-anna piece and the rest in *naye paise*. . . .

Mr. Speaker: All this is not germane to the question now before us. These are all inconveniences which must have been contemplated and for which remedies must have been provided, when we change over from the old denominations to the new denominations. We are now only concerned with the form of the coins and the symbols that ought to appear on the one side or the other.

Shri Kamath: I would request the Minister to remove the inconveniences and difficulties as far as possible. I would request him to tell the House how the Government will see to it that the poor ignorant villager is not mulcted of his hard-earned money by scheming people around, both in the villages and towns; how he will deal with the merchants; how he will be taught to handle the *naye paise* and *purane paise;* whether a fraction of a *naya paisa* will be rounded off to the next higher integer or the next lower. I feel that in the interests of the people it should be rounded off to the next lower figure.

Mr. Speaker: Today *naye paise* are also being circulated; the old coins also are there. For a two-anna stamp, 12½ *naye paise* will have to be paid; but there is no half *naya paisa* here.

Shri A. C. Guha: There are 2 *naye paise* and 5 *naye paise* coins.

Mr. Speaker: The equivalent of one anna is 6¼ *naye paise;* but we do not have a quarter of a *naya paisa*. When the changeover takes place, one would elbow out the other and the old coins will be gradually withdrawn. Today unless the old stamps are also withdrawn and new stamps with their value in *naye paise* are issued, how can we equate the two? So, unless a quarter *naya paisa* is also issued, there will be difficulty.

Shri Asoka Mehta: It spoils the whole spirit of the decimal system.

Mr. Speaker: Under the Indian Coinage Act, the Government have the right to withdraw the coins. But, until such time we adjust ourselves to the new coinage, during what we call the transitional period, I believe a coin of another denomination, namely 6¼ *naye paise,* will have to be used.

I hope Mr. Kamath has finished.

Shri Kamath: I shall take only one more minute. During the debate in the House, not only myself alone, but my hon. colleagues on this side as well as on the other side, Pandit Thakur Das Bhargava and others, referred to the enormous difficulties and confusion that may be created in the country-side, in the rural areas. Therefore, the very valuable suggestions that you have made just now, I think, should make the Government ponder about the steps to be taken in that direction and they should not be in haste, which may lead to waste. . . . . .

Mr. Speaker: My suggestion is, just as we have got now ¼ of a *naya paisa* may be printed and that may be tagged on to 6 *naye paise,* so that 6¼ *naye paise* may be equal to one anna. Therefore, if another coin whose denomination is ¼ *naya paisa* is also there, it can go along with the other coins.

Shri Kamath: If we have ¼ *naya paisa* will it not adversely affect the spirit of the decimal system?

Mr. Speaker: It will be there only tentatively during the transitional period.

Dr. Jaisoorya: I would like to have one information from Mr. Kamath. He has asked the Government to remove the "Ears of Corn" and substitute the "tiger". I only want to know whether he wants the fascimile of a Bengal tiger or a Siberian tiger to be put there.

An Hon. Member: What about Malabar tiger?

Shri Kamath: I have not seen the Siberian tiger. If the hon. Member will give me a picture of the Siberian tiger, I will consider it.

Mr. Speaker: Motion moved:

> "That this House resolves that the following amendments be made to the notifications of the Ministry of Finance regarding the nomenclature and denominations of the decimal coins proposed to be issued under sections 6 and 14 (1) of the Indian Coinage Act, 1906, which

[Mr. Speaker]

were laid on the Table on the 30th November, 1955 :

(1) Page 2, Part II (b), in column 2—

(i) *against* 'Rupee or 100 *Naya* Paisa' *for* 'Nickel' *substitute* 'Stainless steel' ; and

(ii) *against* '½ Rupee or 50 Naya Paisa' *for* 'Do' *substitute* 'Nickel'.

(2) Page 2, Part II, *Designs*—

against 'Obverse', *after* 'thereon' *add:* 'together with words "सत्यमेव जयते"

at the foot of the Lion Capital.'

(3) Page 2, Part II, *Designs,* against '*Reverse*',—

(i) *for* भाग wherever it occurs, *substitute* अंश; and

(ii) *for* 'the Ears of Corn' *substitute* 'the Tiger'."

Shri Sadhan Gupta (Calcutta—South-East): I shall briefly deal with the two principal points proposed by Mr. Kamath. Now that you have ruled out the question of stainless steel, we are not concerned with the metal. We are only concerned with the designs.

Regarding Mr. Kamath's first proposal that the words "सत्यमेव जयते" should be incorporated in the design, I will strongly oppose it. The reason is this. After all, we are making coins which will be current for all kinds of purposes. I think there will be general agreement that truth does not prevail in our society on every occasion. I think it is also agreed that the greatest danger comes from the circulation of coins and if we use the words "सत्यमेव जयते' it might destroy our confidence in that slogan. I will give a few examples. Suppose a cheat comes in, makes a representation and satisfies you that he deserves some money. He may be a very rich fellow, but he may succeed in appealing to your notions of charity and set away with a few coins with the inscription "सत्यमेव जयते" Take another instance. Someone picks your pocket and knocks away a few coins with the inscription "सत्यमेव जयते"; he equates his art with truth. Under these circumstances, I think it is absolutely undesirable that these words should be incorporated.

Regarding the ears of corn, I think it has been there and it may remain there. We do not expect any election successes from the designs and in any event the proposal of Mr. Kamath is no cure, because the tiger he proposes may not be an election symbol of any party; but, it is the symbol on the flag of a party which is recognised in a few States at a State level, namely, the Forward Bloc. That is also not a way out. On this ground, I oppose the suggestion of Mr. Kamath.

Regarding the question whether the word should be भाग or अंश I have no strong views. That word should be used which is most familiar to the common people ; therefore, those who are in the know of the Hindi language should decide on that matter.

Shri A. C. Guha: I do not know what is really the purpose of my hon. colleague Shri Kamath in initiating this debate. As you have rightly pointed out, the composition, size and shape of the coins are within the administrative authority of the Government. For the present we are not changing the metals we have been using so long. There is hardly any point for debate in that matter. Nor is there anything for me to reply in this matter.

He suggested that the ears of corn (leaf) may be replaced by a tiger. He has said that ears of corn (leaf) design is something like an election symbol of the Communist Party. I think the ears of corn design already exists in some of the coins current now. I do not think that the Communist Party would require any such support from the symbols of coins to put their case before the electorate. If I took Shri Kamath's point of view, I think, in his estimate, the Communist Party must be a very weak and feeble party dependent on such extraneous matters for success with the electorate.

Shri Kamath: What is your view of the Party?

Shri A. C. Guha: I have not joined that party. You can guess my view of the party.

Shri Kamath: Nor have I joined that party just like you.

Shri A. C. Guha: Then, Shri Kamath has quoted certain remarks of the Prime sorry that he has taken the passage out of its context and has tried to give a wrong meaning to the words of the Prime Minister. I think the hon. Member himself pleaded during the debate on the Bill that this thing may be referred to the opinion of the people. The Prime Minister said :

> "As I said, this is not a new thing, but I must confess that in a matter of this kind, rather scientific, technical kind, one does not normally consult the country. One does not consult the country let us say about mathematical formulae or about the theory or relativity.

In this context he said :

> "It is not fair to go about. We must take the responsibility for it. If we think it is right, then it is right."

Here, by "We" I am sure the Prime Minister did not mean simply himself or the party he represents. He must have referred to Parliament. If Parliament decides that a certain thing is right on some scientific matter, then it should not be referred to the people for the authenticity of the theory. It should be taken for granted that it is right for the people.

Shri Kamath mentioned something about postage stamps and railway fares. During the debate on the Bill these matters were discussed and as we have rightly pointed out when we passed this Bill, we passed this Bill with this consciousness that there would be some difficulty in the interim period. We have been working with the Posts and Telegraphs department or the Communications Ministry as also the Railway Ministry on a sort of a conversion table. In certain stamps, the equivalent price in new coins may be a bit lower than the actual mathematical calculation and in certain cases it may be a bit higher. You, Sir, have suggested that a one-fourth *paisa* may be minted for the time being. Apart from the point that this would not conform to the decimal system, I think....

Mr. Speaker : After making that suggestion, I find that in the Act, provision is made for such a contingency. The Act says :

> ". . . . . . . in respect of any such single coin or number of such coins, tendered at one transaction, to the nearest new coin or where the new coin above and the new coin below are equally near, to the new coin below."

In this case, if six new coins are given instead of 6¼ that would be equivalent to one anna. In some cases it may be less. Not only here. In all rules, enactments, or in any contract, etc., the same thing applies.

Shri Kamath : Or 12½ may be 13.

Shri A. C. Guha : Neither of these two departments has suggested any such thing. As I have said, in certain cases, the price as may be fixed under the new coin may be a bit higher than the mathematical calculation would indicate and in certain cases it will be a little lower. These difficulties well occur in the case of revenue stamps also and this covers a wide range. Apart from the Central Government, there are over 200 varieties of revenue stamps in the different States.

Then, Shri Kamath asked how long this interim period would continue. I think during the debate on the Bill, I mentioned that in our estimate it may be about four years. After that period, the old coins will be withdrawn and this word 'naya' will be dropped. The new lowest unit will be called simply *paisa*. For the time being we have decided not to introdue an anna coin. That is because we are trying to avoid confusion as far as possible If we introduce the anna now, we will have the old anna and the new anna or *naya* anna or something like that. For the time being, we are not introducing any anna. It may be that when the old coins are withdrawn, Government may introduce an anna. That is a decision to be taken. That is just a possibility that after the old coins are withdrawn, we may issue an anna coin.

Something has been said about publicity. On that also, I think I have mentioned in the discussion on the Bill that we shall take every step to publicise this so that the people may know that there has been a change-over from old coin to the new coin. A conversion table will also be circulated, printed in the different languages of India as also in English, widely so that the people will know what may be the equivalent price in the new coin.

Shri Kamath : Also make the people literate by that time.

Shri A. C. Guha : I think literacy has been progressing. During the next Plan, it will progress further and by that time, it may be expected that the literacy will be near about 30 per cent or even more. A similar experience was there though on a smaller scale in Hyderabad when the old Osmani coins were withdrawn and new Indian coins were introduced. Our experience then was that the ordinary village people were clever enough to avoid being mulcted by scheming people. But, I cannot give any guarantee that there would not be any case of villagers being cheated in some cases.

I think I have covered all the points.

Shri Kamath : You have forgotten सत्यमेव जयते।

Shri Velayudhan (Quilon-*cum*-Mavelikkara—Reserved—Sch. Castes): That is very important.

Shri A. C. Guha : If you say : put सत्यमेव जयते। some people may say put some other thing.

Shri Kamath : No, no. This is your own.

Shri A. C. Guha : What is the particular point? I cannot understand any particular point in putting this thing on our coin. Rather, I would suggest that such a highly spiritual maxim may not be mixed up with money and mundane affairs. That should be kept apart and above these mundane and money matters.

Shri Kamath : Why have it in administration, elections and all that?

Shri A. C. Guha : I think Shri Trivedi was very much doubtful about this decimal system. When the Bill was introduced, he practically opposed it, and now he took the opportunity to say that when a man of Shri Kamath's calibre, an I.C.S. Officer, could also make such mistakes, what about the poor villager.

Shri Kamath : Not an I.C.S. officer.

Shri A. C. Guha : He mentioned I.C.S.

Shri Kamath : Not I. C. S. He said wrongly.

Shri A. C. Guha : He meant an ex-I.C.S.-man all right. I know Shri Kamath is not an ordinary man. He is an uncommon man. It is quite natural for him to make uncommon mistakes, and so he has initiated this debate on which, as I have stated, I do not find he has many points to press.

Pandit Thakur Das Bhargava (Gurgaon): May I put one question? What will be the transitional period? When will you withdraw the old coins and call the new coins *paise ?*

Shri A. C. Guha : That, I have already stated, will take near about four years' time. The old coins will be withdrawn and the new coins are to be introduced from 1st April, 1957.

Mr. Speaker : I shall put the motion of Shri Kamath to the vote of the House.

Shri Kamath : Can you not put separately the part relating to भाग and अंश?

Mr. Speaker : Shall I put 'the Ears of Corn' also together with it?

Shri Kamath : No, Sir.

Mr. Speaker : The question is :

Page 2, part II, *Designs,* against *'Reverse',*

(i) *for* भाग wherever it occurs *substitute* अंश

The motion was negatived.

Shri Kamath : I would like you also to put सत्यमेव जयते separately.

Mr. Speaker : The question is :

Page 2, part II, *Designs—*

against 'Obverse', *after* 'thereon' *add:*

'together with words " सत्यमेव जयते at the foot of the Lion Capital.'

Those in favour will say "Aye".

Some Hon. Members : Aye.

Mr. Speaker : Those against will say "No".

Some Hon. Members : No.

Mr. Speaker : The Noes have it.

Shri Kamath : The Ayes have it.

Mr. Speaker : Hon. Members in favour will kindly rise. Let me see.

Shri Kamath : When a challenge is made at this stage, the new rule 385 passed by the Rules Committee and approved by this House makes it obligatory for you to ring the bell. Sub-rule (3) of the rule has been deleted by your own Rules Committee.

Mr. Speaker : After ringing the bell...

Shri Kamath : You can ask us to stand in our seats.

Mr. Speaker : The hon. Member wants other Members also should come in.

Shri Kamath : They should know what is happening in the House. सत्यमेव जयते !

Shri Velayudhan : Let people know सत्यमेव जयते is treated like this. Many people do not know.

Mr. Speaker : The division bell is being rung.

Order, order. Hon. Members will kindly resume their seats. I will put the amendment to the vote of the House.

The question is :

Page 2, part II, *Designs*—

against 'Obverse', *after* 'thereon'

'together with words "सत्यमेव जयते" at the foot of the Lion Capital.'

Those in favour will say "Aye".

Some Hon. Members : Aye.

Mr. Speaker : Those against will say "No".

Some Hon. Members : No.

Mr. Speaker : The Noes have it.

Shri Kamath : The Ayes have it.

Mr. Speaker : The hon. Members in favour will kindly rise in their seats.

Shri Punnoose (Allepey) : What is the significance ? They do not want *satya.*

Mr. Speaker : Those who are in favour are 10. Those against will rise in their seats. By an overwhelming majority the amendment is negatived.

The motion was negatived.

Shri Kamath : सत्यमेव जयते !

Mr. Speaker : I will now put the other parts of the motion of Shri Kamath :

The question is :

Page 2, Part II (b), in column 2—

(i) *against* 'Rupee or 100 Naya Paisa' *for* 'Nickel' *substitute* 'Stainless steel' ; and

(ii) *against* '½ Rupee or 50 Naya Paisa' *for* 'Do' *substitute* 'Nickel'.

Page 2, Part II, *Designs,* against 'Reverse',

for 'the Ears of Corn' *substitute* 'the Tiger'.

The motion was negatived.

Mr. Speaker : So, the whole motion of Shri Kamath is negatived.

CONSTITUTION (TENTH AMENDMENT) BILL

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah) : I beg to move :

> "That the Bill further to amend the Constitution of India be referred to a Joint Committee of the Houses consisting of 45 Members; 30 from this House, namely, Pandit Thakur Das Bhargava, Shri Fulsinhji B. Dabhi. Shrimati Jayashri Raiji, Mulla Abdullabhai Mulla Taherali, Shri H. G. Vaishnav, Shri Radhelal Vyas, Shri S. C. Samanta, Shri Bheekha Bhai, Shri Lakshman Singh Charak, Shri M. K. Shivananjappa, Shri K. T. Achuthan, Shri P. T. Thanu Pillai, Shri B. P. Jhunjhunwala, Shri B. R. Bhagat, Shri C. D. Pande, Shri Sinhasan Singh, Shri Debendra Nath Sarmah, Shri Niranjan Jena, Shri Rayasam Seshagiri Rao, Shri N. Ramaseshaiah, Shri S. R. Rane, Shri K. S. Raghavachari, Shri M. S. Gurupadaswamy, Shri Sivamurthi Swami, Shri Sadhan Chandra Gupta, Dr. Ch. V. Rama Rao, Shri U. M. Trivedi, Shri N. C. Chatterjee, Shri Bhawani Singh, and Shri C. D. Dehmukh, and 15 Members from Rajya Sabha;
>
> that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of Members of the Joint Committee ;

[Shri M. C. Shah]

that the Committee shall make a report to this House by the 18th May, 1956;

that in other respects the Rules of Procedure of this House relating to Parliamentary Committees will apply with such variations and modifications as the Speaker may make ; and

that this House recommends to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of Members to be appointed by Rajya Sabha to the Joint Committee."

Shri Kamath (Hoshangabad): On a point of order. I take it that the rule is that the consent of the Members on the Joint Committee should be obtained. May I take it that the consent of the Finance Minister, Shri C. D. Deshmukh, has been obtained?

Shri A. M. Thomas (Ernakulam): Why should the hon. Member doubt it?

Shri Kamath : I doubt it because he is not here. He has not come to Parliament for several days now. He has gone away. He is not in Delhi.

Mr. Speaker : What I would say is that in all these matters any hon. Member who makes the motion and mentions the names is presumed to have consulted, unless and until that Member or any other Member who has been authorised to raise this objection raises the objection saying 'I do not want to be there, why should my name be put in there ?' Therefore, I presume that all that has been done.

Shri M. C. Shah : This Bill deals with the amendment of the Seventh Schedule. and also of articles 269 and 286 of the Constitution. As hon. Members are aware, the position at present is that the tax on the sale or purchase of goods other than newspapers is an item indicated in the State List. But under article 286 of the Constitution, sales-tax cannot be levied if the transaction takes place outside the State, or takes place in the course of import into, or export out of the territory of India. Further, sales-tax can be imposed on transactions of inter-State trade only to the extent authorised by Parliament by law, and sales-tax on commodities declared essential for the life of the community by Parliament can only be levied with the President's assent.

Grave difficulties were experienced in the working of the provisions of article 286, and particularly with regard to the interpretation of the Explanation of article 286 (1) (a), according to which a sale or purchase shall be deemed to have taken place in the State where the goods were actually delivered as a direct result of such sale or purchase for the purpose of consumption notwithstanding the general law relating to the sale of goods.

As hon. Members are aware, in the case of *The State of Bombay* versus *the United Motors*, the Supreme Court held in March 1953 that the consuming State, that is, the State in which the goods are actually delivered for the purpose of consumption can tax the transaction involving an inter-State element even where the dealer is the resident of a different State. Mainly, as a result of this decision, all States, excepting the State of West Bengal, started taxing non-resident dealers.

This gave rise to many administrative difficulties, and also great harassment to the trade, as a dealer having business connections with several States had to be acquainted with the laws of sales-tax of all those States, and also the rules of sales-tax of all the States, for complying with the necessary legal requirements in connection with registration, assessment etc. There were several protests, and representations were also received from various trade associations against the said procedure.

To deal with these difficulties and with this situation, the Government of India devised an interim scheme in consultation with the State Governments. It was provided therein that the dealers of a particular State carrying on business in other States would not be called upon to appear for assessment or for appeal in taxing States, but the officers of the taxing States would pay a visit frequently to certain designated centres in the States to which the dealers belonged. This arrangement gave some relief to the traders.

Thereafter, as hon. Members are aware, in the case of the *Bengal Immunity Co. Ltd.* vs. *the State of Bihar*, decided on 6th September, 1955. that is, after two and a half years after the first decision of the Supreme Court, the Supreme Court has ruled that no State can impose or authorise the imposition of any tax on sales or purchases of goods when such sales or purchases take place in the course of inter-State trade or commerce, and the majority decision in the *State of Bombay* vs. *the United Motors,* in so far as it decided to the contrary, cannot be accepted as well-founded on principle or authority. That has created further complications and administrative difficulties.

Hon. Members are already aware that Parliament has passed the Sales-tax Laws Validation Act, to validate the collections in the interim period, In pursuance of article 286(3) of the Constitution, the Essential Goods Act was passed on the 9th August 1952. This Act provided that no law made after commencement of that Act by the Legislature of a State, imposing or authorising the imposition of a tax on the sale or purchase of any goods declared by that Act to be essential for the life of the community, shall have effect unless it had been reserved for the consideration of the President and has received his assent. A wide variety of goods was declared essential for the life of the community, such as cereals and pulses, fresh and dried fruits, sugarcane, coconut, vegetables, fresh milk and milk products, meat, fish and eggs, edible oils, oilseeds, *gur,* salt, handloom cloth, coarse and medium mill-made cloth, raw cotton, hides and skins, fertilisers and manures, agricultural machinery and implements, cattle feeds, coal, petroleum and petroleum products, iron and steel, books and exercise-books etc. Since this did not affect legislation already in force before the date of that Act, many commodities, even though they were essential articles according to this Act were being taxed by certain States.

The Taxation Inquiry Commission examined in detail the effect of the different systems of sales tax on trade and commerce including sales tax on inter-State trade, the effect of the restrictions on sales tax on essential goods etc. With regard to the difficulties regarding interpretation of the explanation to article 286(1) (a), it was stated by them that State Governments had sought to exercise jurisdiction over dealers resident in other States on the ground that sales by such dealers had resulted in delivery for consumption in the territory of those States, and the consumers belonging to particular States had sought to buy direct from dealers resident in other States in order to escape taxation by the States. It was also pointed out by them that as the Essential Goods Act had not been given retrospective effect, a wide disparity had resulted in the list of exempted goods of different States.

After very careful and detailed examination of the various probelms of sales tax, the Taxation Inquiry Commission recommended that the sales tax must continue to be a State tax, the proceeds of the sales tax must wholly belong to the States and as a tax to be levied and administered, it must substantially pertain to State Governments. But the sphere of power and responsibility of the State should end and that of the Union should begin when the sales tax of one State impinges administratively on the dealers, and fiscally on the consumers, of another State. In other words, inter-State sales tax should be the concern of the Centre. They further recommended that all restrictions on the State Governments must broadly relate only to the inter-State sphere of transactions. In the view of the Commission, the only exception to this would be important raw materials, since by taxing these, the State Governments can effect an increase in the cost of manufacture of an article, whether such manufacture takes place in the State which produces the raw materials or in other States which import the material. The increase in the cost on account of this tax is also thus a matter of direct concern to the consumer of another State. Intra-State sales tax in such cases has an important inter-state bearing.

According to the Taxation Inquiry Commission, intra-State sales tax in such cases would be an appropriate item for control by the Union, but this could be directly confined to a very small number of commodities which are of special significance for inter-State trade and which, in terms of the country as a whole, are also of special importance from the point of view of the consumer and of the industry.

The Government have broadly accepted these recommendations, and for implementing the same, amendment of articles 269, 286 and the Seventh Schedule is necessary. The States have also been consulted in the matter and they have agreed in principle to these recommendations of the Taxation Inquiry Commission.

[Shri M. C. Shah]

Coming now to the amendments proposed, I may mention that under clause 2 of the amending Bill, taxes on inter-State sales or purchases will be now added to the Union List given in the Seventh Schedule. Under clause 3 of the Bill, these taxes will be an additional item under clause (1) of article 269 of the Constitution, so that these shall be assigned to the States and distributed in accordance with such principles of distribution as may be formulated by Parliament by law. A further provision has also been made under this article to the effect that Parliament may by law formulate principles for determining when a sale or purchase of goods takes place in the course of inter-State trade.

With regard to the proposed amendment of article 286, I have already mentioned earlier that the explanation to article 286(1) (a) has created a lot of administrative difficulties and many legal complications. We therefore propose to delete the explanation. I may also mention that under clause 4 of the Bill, a new clause, clause 3, is proposed in place of the present clause 3 of article 286. The result of this will be that the Essential Goods Act will be repealed. Instead, under the proposed amendment, Parliament will have the power to declare by law the goods which are of special importance in inter-State trade and also to put restrictions and conditions in regard to the system of levy, rates and other incidence of sales tax on such goods.

Mr. Speaker: Motion moved:

> "That the Bill further to amend the Constitution of India be referred to a Joint Committee of the Houses consisting of 45 Members; 30 from this House, namely, Pandit Thakur Das Bhargava, Shri Fulshinhji B. Dabhai, Shrimati Jayashri Raiji, Mulla Abdullabhai Mulla Taherali, Shri H. G. Vaishnav, Shri Radhelal Vyas, Shri S. C. Samanta, Shri Bheekha Bhai, Shri Lakshman Singh Charak, Shri M. K. Shivananjappa, Shri K. T. Achuthan, Shri P. T. Thannu Pillai, Shri B. P. Jhunjhunwala, Shri B. R. Bhagat, Shri C. D. Pande, Shri Sinhasan Singh, Shri Debendra Nath Sarmah, Shri Niranjan Jena, Shri Rayasam Seshagiri Rao, Shri N. Ramaseshaiah, Shri S. R. Rane, Shri K. S. Raghavachari, Shri M. S. Gurupadaswamy, Shri Sivamurthi Swami, Shri Sadhan Chandra Gupta, Dr. Ch. V. Rama Rao, Shri U. M. Trivedi, Shri N. C. Chatterjee, Shri Bhawani Singh, and Shri C. D. Deshmukh, and 15 members from Rajya Sabha;
>
> that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of Members of the Joint Committee;
>
> that the Committee shall make a report to this House by the 18th May, 1956;
>
> that in other respects the Rules of Procedure of this House relating to Parliamentary Committees will apply with such variations and modifications as the Speaker may make; and
>
> that this House recommends to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of Members to be appointed by Rajya Sabha to the Joint Committee."

Dr. Krishnaswami (Kancheepuram): Mr. Speaker, Sir, I must confess to a feeling of disappointment after having listened to my hon. friend, the Minister of Revenue and Civil Expenditure, who introduced a serious constitutional amendment and did not care to explain some of the detailed implications of the amendments that he has recommended for consideration by this House.

I suggest that the Joint Committee should go into these matters thoroughly and examine not merely the administrative implications of the changes that he has suggested but also the economic implications of the distribution scheme envisaged under article 269. Article 286, as we know, starts with a prohibition of imposition of taxes on sale or purchase of goods which take place either outside the State or which occur in the course of inter-State trade. This article, as my hon. friend rightly pointed out, led to many difficulties of interpretation as there might be overlapping between the two types. A transaction may take place partly outside the State and partly inside, and at same time, the transaction may be in the course of inter-State trade. Because it took place partly within the State, the question was raised whether it could have the right to tax, notwithstanding the fact that it was in the course of inter-State trade. In view of the explanation in article 286, irrespective of where the contract took place, the power to tax was given to the State where goods were consumed. But since two States are involved, the transaction could be held to be in the course of inter-State trade. In the first decision, it was held that the explanation acted, in effect, to except those articles which were taxed out of the purview of sub-clause (2). But the latter decision which has been given attempted to draw a distinction between inter-State trade and outside the State.

1 P.M.

Now, I should not wish to refer to all the detailed difficulties that have occurred. The House might be in agreement with my hon. friend that there has been a great deal of consumers' avoidance of those taxes, that States have been attempting to clutch at various resident dealers outside their jurisdiction for the purpose of collecting income. All this is true. The object of the Bill appears to be to put taxation on inter-State sale or purchase in the Union List and to have a clear demarcation between transactions outside the State and inter-State trade. I have only to ask certain questions of my hon. friend and of the Joint Committee so that they might go into the implications of this at some length. Which are the transactions that would be treated as inter-State transactions? *Prima facie,* 'outside the State' must necessarily refer to transactions which are not intra-State transactions. Which are the transactions that would be treated as outside the State, but not inter-State? Both have been left in this Bill—and this is my chief objection to it—to Parliament to determine what is inter-State trade. For the first time in the history of this country we have attempted to say that a certain item should be entered in the Union List and Parliament should have the power to determine the scope and extent of the item. If you will kindly turn to entry No. 42 which refers to this very thing of inter-State trade, it will be found, Mr. Speaker, that there Parliament has not been given the power to determine the scope and extent of what exactly the item is. What will happen is that one fine morning Parliament may take it into its head to poach on the preserves of the States and say that even intra-State trade is inter-State trade. The definition of inter-State trade has been left exclusively to Parliament; to determine what inter-State trade has been left purely to Parliament and I think it is a very wrong approach to this question. I feel that the Joint Committee should go into this matter. The Heavens would have fallen, Mr. Speaker, if after having put this entry in the Union List Schedule, you had left it there, leaving it Parliament to determine by legislation, and allowing such legislation if it goes outside the item to be challenged in courts of law. That is the first point.

There is another and a more important issue which has to be taken up and which has to be answered by the Finance Minister and those who are sponsoring this Bill. Now, Sir, today we have decided—or at any rate when the Bill passes into law we would have decided—that the Centre should act as the grand distributor of the proceeds of inter-State sales taxation. It raises first-rate issues as to what should be the principles on which sales tax should be apportioned among the different units. One can realise that this will raise very complicated issues. The revenue which a State, for instance, derives from inter-State sales tax if it had been allowed the power to tax might bear a significant relation to the total sales tax obtained from that State. We might decide to say that the proportion of the sales tax to the sales tax revenue of all States together must be really distributed to that particular State, or, for instance, the States where raw materials are concentrated might have a high proportion of the sales tax revenue or again—and this is a very important matter which has to be considered by anyone who applies his mind to the principles of distribution—we might wish to take account of the factor of overall economic development and evaluate a principle which is quite different. The principle of allocation, for instance, Mr. Speaker, may be modified in the light of differing requirements of various States for developmental purposes. This may involve an element of subsidy from developed States to relatively backward areas, thus answering the difficulties and some of the points of view which have been raised in the Report of the Taxation Enquiry Commission. I wish Government had devoted more attention to this aspect.

Now, as it is, it is left to Parliament by law to determine the principles on which there should be this distribution. But I do think that this is an important matter which involves expert judgment. It would be better to copy the expedient of a Finance Commission as we have done in the case of income-tax and make

[Dr. Krishnaswami]

constitutional provisions for it, so that they may be able to evaluate the principles on which such distribution can take place.

My hon. friend may advance two objections: first of all—and this is a very imaginary objection which may be raised—that so far as the Finance Commission is concerned, it is only a portion of the proceeds of the income-tax that is really distributed to the States; secondly, the sales tax revenue is not of the same magnitude as the income-tax revenue that we get from the various States. The first objection is illusory in character, and as for the second objection, I should like to point out that sales tax through time shows a tendency to mount up by leaps and bounds. We should visualise what the situation will be ten or fifteen years hence. What is the situation today? It is quite different from what it was about ten or twelve years ago. We must therefore take into account the fact that there will be a larger volume which will have to be distributed among the various States. All these are complicated matters and it cannot be determined by Parliament by law alone. It is one thing to concern yourself with the administrative problem, it is another to concern yourself with the distribution of the proceeds of a tax among the various States. One can visualise what would happen, if, for instance, a world economic authority decides to do away with all import and export taxes and says that it would levy certain taxes and distribute the proceeds among the various States. Certain principles would have to be adopted, and all these principles would have to be gone into very thoroughly. We cannot, therefore, say that Parliament may by law alone determine these things, because that would not necessarily be expert in character. I therefore suggest that we must make a specific provision in the Constitution now. After all we are amending article 269 also and, therefore, I think it would be perfectly in order for the Joint Committee to go into this matter and consider the advisability of setting up an expert body to determine the priciples on which the recommendations may be formulated. Of course, later on Parliament may by law have other bodies set up for the purpose of distributing these revenues, but in the initial stages it is necessary that we should be clear on the principles which are going to govern the distribution of such funds among the various units.

I believe the Taxation Enquiry Commission has gone into these matters at great length, but has not devoted sufficient thought to the question of distribution, or even to some of these other issues that I have raised. The Taxation Enquiry Commission consisting as it did no doubt of eminent experts well-versed in the arts of monetary science, but perhaps lacking knowledge of constitutional law and the organic nature of our State did not devote sufficient attention to this problem of poaching on the preserves of States' jurisdiction. We have after all to recognise and even the Taxation Enquiry Commission has recognised it, that the sales tax is a profitable source of revenue for the States. What we are seeking to do is to have inter-State sales tax practically put on the Union List. There is no meaning for Parliament saying it will be put in our list, but at the same time we are the final judges of what the scope and extent will be. Secondly, when it comes to distribution the Taxation Enquiry Commission has been very vague, weak and halting. Either it should have the courage to suggest that these principles should be gone into and if it felt that it did not have adequate information on this matter it should have left the Government to exercise its mind. In any case, it is not very purposeful on the part of my hon. friend the Finance Minister to state that the Taxation Enquiry Commission has gone into this matter thoroughly.

We know what these commissions are. They may go into matters thoroughly, but we are the ultimate judges of what thoroughness is or is not and we have to reserve to ourselves the right to enter into this question and examine it *de novo*. Nothing is binding on us and I wish that Government should even now re-examine this question thoroughly, for it raises first-class issues.

In any case I feel that this constitutional heresay of really having a thing put in the Union List and determining the scope and extent of it is something which is repugnant to my conscience. I hope the members of the Joint Committee will go into this matter thoroughly because on this particular matter there will be a bigger dispute between the States and the Centre than there has been in the past and there would also be a greater justification on the part of the States to suggest that they have not been treated fairly and that the Centre has merely attempted to use its powers for defining all things which come within its scope and extending its jurisdiction step by step. I hope the Joint Committee will go into the question of distribution very thoroughly. After all, distribution is a very important matter. The principles that I have indicated, which are likely to weigh, are of a very serious nature, and unless we have an expert body constituted under the terms of the Constitution to go into this matter there will be very serious disputes between the various States. I wish all these matters are gone into and the Joint Committee is able to pronounce its views on the recommendations that we have made in this House.

Shri Bansal (Jhajjar-Rewari): I am sorry that I cannot whole-heartedly support this motion which has been brought forward by the hon. Minister of Revenue and Civil Expenditure.

Shri Feroze Gandhi (Pratapgarh Distt. West *cum* Rae Bareli Distt.—East): But you will vote.

Shri Bansal: I will vote for it for reference to the Joint Committee. My reasons for not welcoming the Bill whole-heartedly are quite a few.

By this Bill we are amending certain provisions of the Constitution which were incorporated after a great deal of deliberation by the Constituent Assembly. What was the position before we framed the Constitution? In the words of Shri Patanjali Sastri, who delivered the judgment in the famous case. United Motors *versus* the Government of Bombay, you will find a graphic account of the chaotic condition which was in existence at that time as regards inter-State sales tax. He pointed out that such claims of the taxing power led to multiple taxation of the same transaction by the provinces and accumulation of the burden falling ultimately on the consuming public. This situation posed to the Constitution-makers the problem of restricting the taxing power on sales or purchases involving inter-State elements and alleviating the tax burden on the consumer. The Bench of the Supreme Court in delivering their judgment in the Bengal Immunity Case have made a reference to this observation of Shri Patanjali Sastri and have pointed out that the above passage quite adequately depicts the picture of confusion and chaos that was brought about in inter-State trade or commerce by indiscriminate exercise of taxing power by the different provincial legislatures, founded on the theory of territorial nexus between the respective provinces and the sales or purchases sought to be taxed. It was to cure—this is my main point—this mischief of multiple taxation and to preserve the free flow of inter-State trade or commerce in the Union of India, regarded as one economic unit, without any provincial barrier that the Constitution-makers adopted article 286 of the Constitution.

What are we doing by this particular measure? We are further diluting those provisions of our Constitution which tried to put an end to the chaotic condition that existed before the Constitution was adopted. In what manner are we diluting those provisions further? Firstly, we are cutting at the root of free flow of trade between the various States by incorporating in article 269 a new provision (g). Secondly, we are removing whatever control this Parliament has.

Shri C. C. Shah (Gohilwad-Sorath): How does that provision cut at the root of free flow of trade?

Shri Feroze Gandhi: That is what he thinks.

Shri C. C. Shah: It is not so in my understanding.

Shri Bansal: Here what we are doing is that we say "taxes on the sale or purchase of goods other than newspapers, where such sale or purchase takes place in the course of inter-State trade or commerce". That means that we are going to tax now sales and purchases made during the course of inter-State trade or commerce.

Shri C. C. Shah: What does article 269 say?

Shri Bansal: I know it and you also know it.

Shri Feroze Gandhi: We all know.

Shri Bansal: This hon. Member does not know. It says this. The following duties and taxes shall be levied and collected by the Government of India but shall be assigned to the States in the manner provided in clause (2), namely...

Mr. Speaker: May I know from the hon. Member why the word "where" also is not put in in clause 3(b) which says "Parliament may be law formulate principles for determining when a sale

[Mr. Speaker]

or purchase of goods takes place in the course of inter-State trade or commerce". Would it not be necessary to say "when and where a sale or purchase of goods. . . . ."?

Shri M. C. Shah : Is that objected to?

Mr. Speaker : I am only asking whether the word "where" also should be introduced there.

Shri M. C. Shah : It is not put in there because the Parliament will be given powers to decide what will form inter-State sales or transactions. . .

Mr. Speaker : Is the word "where" not necessary there?

Shri M. C. Shah *rose*—

Mr. Speaker : Perhaps it may not be necessary now. Under the old law "where" was necessary in regard to the Explanation, because under that law it was in the State List.

Shri M. C. Shah : There were so many legal complications. . . .

Mr. Speaker : It is not that. In the old law it was not in the Union List; the power was given to the States and therefore it had to be determined which State would tax, subject to the powers conferred by Parliament under article 269.

Shri K. K. Basu (Diamond Harbour): "Sale" also is defined.

Mr. Speaker : That Explanation is omitted. Therefore, now it is not necessary to use the word "where".

Shri Bansal : May I have your permission to proceed? I was trying to point out that under article 286, there was an absolute bar on taxing inter-State sales and these are the words: "No law of a State shall impose, or authorise the imposition of a tax on the sale or purchase of goods where such sale or purchase takes place. . . ."

Shri C. C. Shah : Except to the extent permitted by Parliament.

Shri Feroze Gandhi : That comes under exceptions.

Shri Bansal : My difficulty is that the hon. Members who do not care to understand the problems try to dabble and interfere now. I would request them to listen and have their say later.

Shri K. K. Basu : According to the hon. Member's own action, publication of his statement is protected.

Shri Bansal : Under article 286, the Constitution-makers placed an absolute bar on the imposition by the State Government of sales tax on inter-State transactions. By this new amendment we are removing that bar, thereby we are further diluting the provision of our Constitution. That is my objection No. 1.

Shri K. K. Basu : Are you saying that the States are now authorised to levy inter-State sales tax.?

Shri Bansal : No. My second objection is this. Under the clause, Parliament is authorised to say as to what are essential goods for the life of the community. This particular provision is being withdrawn with the result that Parliament will no longer have any authority to decide as to which of the goods are essential to the life of the community on which there should be a uniform and reasonable levy of sales tax. That is my other objection to the amendment. I cannot welcome this Bill because it seeks to adopt the doctrinaire approach of the Taxation Enquiry Commission. I have carefully gone through Volume 3 of their report. They have gone into the whole question in great detail. They have examined the pros and cons and the present condition of sales tax in the country and also examined the various other implications. My objection is that when they came to this question, they were too much obsessed by the decision of the Supreme Court in 1953. They did not see any way but to amend the Constitution and that is being done now. In fact, the Taxation Enquiry Commission suggested the exact amendments to the Constitution. But the Supreme Court has given another decision which upheld all that was intended by these provisions in the Constitution, particularly article 286. I am, therefore, of the view that the Finance Ministry has not taken into account the revised judgment of the Supreme Court but has brought forward this Bill on the basis of the recommendation of the Taxation Enquiry Commission which was based on the previous judgment of the Supreme Court.

The Commission argued at great length on the question of essentiality. It has come to the conclusion that this particular provision, article 286(3) which empowers the Parliament to lay down as to which are the essential commodities is no longer necessary. I do not agree with that view at all. In fact what it has said is this. In its view, more important are those commodities which are of importance in the inter-State trade or commerce, namely, certain raw materials and certain commodities which are produced in bulk and on which the financial stability of a particular State depends. It was a very narrow view to take. First and foremost, it is the duty of this Parliament which is laid squarely on its shoulders by the Constitution-makers to see that articles essential to the life of the community should not be subjected to heavy taxation. The Commission has given a short shrift to that idea altogether. I know it is in keeping with the general recommendation that, in a country like India which is going to embark upon very huge development programmes, the sources of taxation should be elastic and even essential articles should be subject to taxation. I have no objection to that. But what I want to emphasise is this. This Parliament which was given the right to make a list of those articles which are essential to the life of the community, should not be deprived of that right. We are now being divested of that authority.

As I have said, this Bill was obviously drafted at the time when the second judgment of the Supreme Court was not there. As it always happens in the Government departments, the file once started goes on until it comes to a close.

Shri C. C. Shah: This was drafted after the second judgment. The Statement of Objects and Reasons is dated the 30th April, 1956.

Shri Bansal: That I know. I am trying to show by internal evidence that this Bill has not taken into account the latest judgment of the Supreme Court.

Shri M. C. Shah: It is dated 6. 9. 1955. Six months have passed before we have decided to bring this Bill.

Shri C. C. Shah: The Statement of Objects and Reasons expressly refers to that judgment.

Shri Bansal: I have read it. As it happens in a bureaucratic Government, the file once started goes on without taking into account what has happened after the start although superficially some account may have been taken of that fact. I have not heard a single cogent reason from the hon. Minister as to what is the need for this particular amending Bill, after the latest judgment of the Supreme Court.

Shri M. C. Shah: That judgment stated that tax could not be levied because there was no law of Parliament with regard to these transactions.

Shri Bansal: I am sorry the Minister is giving away his own arguments to me. It is clearly stated in the judgment:

> "The result, therefore, is that appeal must be allowed and we issue an order directing that until Parliament by law provides otherwise, the State of Bihar do forbear and abstain from imposing sales tax on out of State dealers in respect of sales or purchases that have taken place in the course of inter-state trade or commerce although the goods have been delivered as a direct result of such sales or purchases for consumption in Bihar."

The result of this is not that an amending Bill to amend the Constitution should be brought forward. It means that the Government should bring forward a Bill, as they ought to have done, under the provisions of the Constitution.

It has been laid down in article 286 (2):

> "Except in so far as Parliament may by law otherwise provide, no law of a State shall impose, or authorise the imposition of, a tax on the sale or purchase of any goods where such sale or purchase takes place in the course of inter-State trade or commerce."

All that is needed is for the Government to bring out a Bill to satisfy this provision and that is what I am trying to impress upon the Government.

Mr. Speaker: Now, the power of taxing inter-State transactions is sought to be taken away from the State and given to the Centre. That is the object of the Bill. What is the objection?

Shri C. C. Shah: That power ought to have been left with the States according to him.

Shri Bansal: What I am saying is this. This Bill will result in creating a sort of legal fiction. I will come to that point later on. As the Minister interrupted me I had to refer to this latest judgment of the Supreme Court.

Mr. Speaker: What is the exact point? He can give the arguments later. The present position is this. Under entry 54 in the State List, taxation on the sale of goods other than newspapers is a State subject.

Shri C. C. Shah: The real issue would be, whether, according to my learned friend, an inter-State sales should be taxed or not and, if it is to be taxed, by whom it is to be taxed.

Mr. Speaker: Even now under the existing law the Parliament can allow tax being imposed by the States on inter-State sales.

Shri C. C. Shah: Yes.

Mr. Speaker: Instead of the Parliament allowing the States to do so, the Parliament now takes the right to do it or not do it. It does not mean, if they allow in one case under similar circumstances it can impose a tax. Does the hon. Member mean that here and now it ought to be said that no inter-State transactions shall be taxed or that all inter-State trade shall be free? Is that the object?

Shri Bansal: My point is that by amending the Constitution the Government are opening the flood-gates of taxing all inter-State transactions. We had definite limitations placed on the Parliament. Firstly, it was said that no State will enact laws or authorise enaction of laws for the purpose of levying sales-tax on inter-State sales. Secondly, in those cases where the Government of India or this Parliament felt that inter-State sales-tax was necessary, this Parliament will legislate. In my view this power could have been used only in exceptional and rare cases, because, according to article 286, which is supported by so many other provisions of the Constitution, inter-State trade should be absolutely free. Therefore, I come to the conclusion that this power was to be used only in very exceptional and rare cases.

By amending this Constitution, what is happening is that the Government of India is taking the power to make a wholesale application of sales-tax on inter-State transactions. I would have understood if the Government of India would have said that there are a few commodities on which, on account of various factors, some sort of inter-State sales-tax was necessary. But that is not being done. What is being done here is that a complete blanket power is being taken by the Government of India to tax all inter-State transactions. That is exactly what I am objecting to. What I am trying to impress upon you, Sir, and through you on the House, is that after the latest judgment of the Supreme Court, it was not at all necessary to bring forward this Bill to amend the Constitution because, whatever the Government have in view could have been done if they had applied article 286, sub-clause (2).

Mr. Speaker: Applied to what?

Shri Bansal: They could have brought in a Bill before this House saying that on such and such commodities the States could levy inter-State sales-tax. They could have also laid down in that Bill whether the tax would be collected at this point or that point. That is all what is required. It would have been a very simple Bill. Now, on the other hand, we are diluting all these safeguards that the Constitution provides and we are giving a blanket power to the Government of India.

Mr. Speaker: I do not want to interrupt the hon. Member, but I am not able to follow his argument. Under article 286, sub-clause (2), has not the Parliament got unlimited power to allow the State to impose any kind of tax on inter-State transactions?

Shri C. C. Shah: According to the hon. Member, the Parliament could have done that only in exceptional circumstances. Now, according to him, the field is being widened. What he really objects is the widening of the field, and that objection can be understood, coming as it does from him.

Mr. Speaker: Even the Parliament can exercise its rights under this article.

Shri C. C. Shah: The hon. Member says that there is no justification for this. His presumption is that only under exceptional circumstances that power under sub-clause (2) would have been exercised.

Shri Bansal: At least, there is every justification for my saying that there is no need for this Bill to amend the Constitution. That is all what I am trying to say. The Minister for Revenue and Civil Expenditure has not made out a case, as to why these amendments are necessary to the Constitution. I quite agree with the statement of my friend Shri C. C. Shah that there is nothing which prevents the Parliament from using this sub-clause of article 286 and authorise State Governments to levy inter-State sales tax.

Mr. Speaker: No restrictions are imposed.

Shri Bansal: Even if I agree with you on that point, what I am trying to say is that there is no case made out for bringing up these amendments to the Constitution. Has the hon. Minister advanced a single argument to justify these amendments to the Constitution?

Mr. Speaker: We will assume that one commodity, which is in inter-State trade, between Bengal and Bihar, is taxed. Under the explanation, wherever it is purchased that will be the place of transaction and it is open to the Bihar Government to impose a particular rate or other things. Let us assume that between Bengal and Madras a similar transaction of the same commodity takes place and there is a different tax levied. Now, so far as inter-State trade is concerned, the hon. Minister evidently wants to bring about a uniformity. It is open to the Parliament to say: 'No, we are not going to impose any tax.' It is not obligatory on the Parliament to impose any tax. If it imposes any tax, the object is that a uniform rate may be imposed for same articles under similar circumstances. How is that to be done?

Shri Bansal: That is what I am saying. First of all, the essential articles are covered by the Explanation. The second point which you made is covered by sub-clause (2). That is why I am saying that there is no need to bring this Bill at all.

Mr. Speaker: There may be pressure from State Governments.

Shri S. S. More (Sholapur): May I ask whether any courts have raised any doubts about the competence of this Parliament to give instructions even in the nature of directions for evolving a uniform process, under this particular sub-clause: "Except in so far as Parliament may by law otherwise provide."

Have they challenged the competence of the Parliament?

Mr. Speaker: No, no. How can they challenge?

Shri S. S. More: My submission is, if that authority has not been shrouded in doubt by judicial decisions, what harm is there, as the hon. Member is suggesting, to come with another law under this authority for the purpose of uniformity?

Mr. Speaker: All right.

Shri K. K. Basu: May I know whether the Parliament has so far authorised levying of inter-State tax?

Shri S. S. More: No.

Shri K. K. Basu: Then that question does not arise.

Shri Bansal: They can bring a Bill now.

Shri K. K. Basu: That is different thing.

Shri M. C. Shah: That Bill will come later.

Shri Bansal: If I may take the House into confidence, this is just a cover to hide the absolute lack of responsiveness to the demand from the public on the part of the Government of India to bring forward a Bill under sub-clause (2) of article 286. As early as September, 1952, before any of these judgments had come, well thought out memoranda were submitted to the Government to bring forward a Bill of this nature and put an end to the chaotic state that was prevailing in the country. They went on sleeping and allowed one High Court after another to sit in judgment and come to conflicting decisions. The harassed public not only went to the High Courts but they also went up to the Supreme Court. By this the Government have allowed such a state of confusion and chaos to prevail in the country and have shown theirin capacity to handle this ordinary matter of the sales tax. This Bill is nothing but a cover to hide their absolute incompetence to handle things in the country

[Shri Bansal]

where interest of the States are at variance. It is now four years that the public has been crying and demanding some sort of uniform and coherent legislation. It is only today, after the Taxation Enquiry Commission reported, that the Government are coming out with this amendment to the Constitution, the need of which is no longer there. Sir, I am definite on that point.

Now what are they going to accept? The Taxation Enquiry Commission suggested that for certain commodities, which are of importance from the point of view of inter-State commerce—not from the point of view of the life of the community; I want to impress this point on the House very clearly that it is not from the point of view of importance to the life of the community, but from the point of view of inter-State commerce—

Shri C. C. Shah: What is the meaning of the expression "essential to the life of the community"?

Shri Bansal: "Essential to the life of the community" means, those articles which are needed by a poor man, for example, foodstuffs, without which the life of the community is impossible. But here, if you see the rigmarole of the paragraph concerned in Volume III of the Taxation Enquiry Committee's report, you will find that they have dealt with the idea of essentiality and ultimately they have come to classify the articles into a list. There are five or six items there in which coal is one, cotton is another, iron and steel is yet another, and there are two or three other items also.

Shri C. C. Shah: Are they essential to the life of the community?

Shri Bansal: They do not say that. In fact, while discussing them, they make a fine distinction between the items essential to the life of the community and the items which are of importance from the point of view of inter-State trade and commerce. I am not saying what my view is. I am just quoting what they have said and what they are suggesting.

Mr. Speaker: There may be things which are exported from one State to the other, but which may not be necessary for the community. Beedi or tobacco, for example.

Shri K. K. Basu: They are necessary for the people, Sir.

Mr. Speaker: What I say is, Andhra is a State which produces a lot of tobacco. If it is sent to some other State you cannot say that it is necessary but, at the same time, there may be a large volume of inter-State trade on that commodity. There are such cases.

Shri C. C. Shah: The expression, "commodities essential for the life of the community" has two meanings. One is, those that are necessary for the life of the individual and the other is, those raw materials which are necessary for the inter-State trade. If you see the list given in the Essential Commodities (Goods) Act, you will find that it comprises both categories of the articles—foodstuffs, cereals and all that on the one hand and coal, iron and steel and raw materials on the other hand.

Mr. Speaker: This is different.

Shri Bansal: That list will not be there any longer. That was a very long list.

Shri M. C. Shah: There will be a new list.

Shri Bansal: I know what will be there in the new list. It will include coal, iron and steel, cotton, hides and skins, oilseeds and jute. This is going to be the new list according to the recommendation of the Taxation Enquiry Commission. If the Minister had read the report with as great a care as I have done he would not have objected to my point.

Shri M. C. Shah: I have read it perhaps with greater care.

Shri Bansal: Your officers must have done so. I hope the House will bear with me for a few more minutes. What is being suggested now is, on such items the recommendations to the State Governments will be that they should have only one single-point tax, and when they enter into an inter-State transaction, there should be a levy of 1½ per cent. Although, as I said, by legal fiction the Parliament will authorise the Government of India to levy this tax, actually it will be levied by the same machinery and by the same State Governments. This is according to the recommendations of the Taxation Enquiry Commission. Although in name the taxing authority will be the Government of India, the collecting authority will be the same State Governments, and they will tax these items at the rate of 1½ per cent. In all other cases the rate will be one per cent. I ask, in what way does it improve upon the chaotic condition that was existing before 6th September, 1955? It does not take us a wee bit further. Actually, what this Bill seeks to do is, the Government of India will have an absolutely free hand, to levy sales-tax on all those inter-State transactions to the extent of one per cent on all items and 1½ per cent. on those items which they call of importance. The Taxation Enquiry Commission has given fine arguments as to why there should be a 1½ per cent tax for coal, iron and steel, etc. They say that these are mostly raw materials and therefore their value by bulk is less and hence they are capable of attracting a slightly higher rate of tax than the other items. I do not agree with that point of view at all, and I do not believe that this amending Bill is going to improve the situation in the least. In fact, it is going to make the situation much worse than it has been until the second judgment of the Supreme Court on this matter.

Another great difficulty which was being pointed out against the operation of the inter-State sales-tax was that there are, as you know, certain distributing centres. They have been established from ages. Take the case of Delhi itself. Delhi is a great distributing centre for the entire north India—Uttar Pradesh, Punjab Kashmir,—for many items. I would take the example of one item, namely, cloth. I know many merchants who have something to do with this trade. My brother is in this trade in an obscure corner of Kumaon. No order is placed by him or people like him at Ahmedabad or Bombay Mills directly. He comes here or sends his *munim* here to Delhi and the order is booked with the dealer here. In this connection, I should make one more point clear. Nothing will prevent the State Governments from levying a multi-point sales-tax on cloth even after the recommendation of the Taxation Enquiry Commission is accepted. But that is a different matter. When the goods come to Delhi, the dealer will have paid one per cent to the Bombay State. When the goods go to any outside centre from Delhi, that man will again have to pay one per cent. This kind of double taxation will still remain even after the passage of this amendment to the Constitution and this is another point to prove that even this Bill does not improve the chaotic state that existed before September, 1955.

Mr. Speaker: When the Centre takes up the inter-State sales-tax, how can there be a multiple tax?

Shri Bansal: The whole point is, according to the recommendation of the Taxation Enquiry Commission, the Centre does not tax it. What happens when the Centre just enacts that the tax on inter-State sales will be one per cent on cloth? It authorises the State Governments to go on levying in the same manner as they have been doing before. There will be some safeguards, of course But what is happening, as you know, is, if there is a merchant here and he has been importing cloth from Ahmedabad, then the Bombay Government wants this merchant to go there with all his registers to show what purchases he had made from Bombay so that he can be levied a sales-tax there. There was a conference of the Finance Ministers to which a reference was made. After that conference, the taking of registers was stopped, but this man must have registered in Bombay so that he can be levied a tax by the Bombay Government although he has made the purchase in Delhi from Bombay. This position will remain as it is.

Shri M. C. Shah: How?

Shri S. S. More: Supposing Parliament passes another law under this clause 4(b) (3), imposing a certain system of rates to be levied under certain conditions, cannot the defect that has been pointed out be removed? Then the complainant will have no ground.

Shri Bansal: I shall explain how this cannot be done. This wholesale dealer in Delhi purchases in bulk. He purchases ten bales in Bombay. On this he has paid sales tax. There cannot be any law which will say that there should not be any sales-tax on these ten bales. He opens the bales.

Mr. Speaker: In the case of an inter-State transaction, unless Parliament imposes a tax, no tax will be leviable.

Shri Bansal: The very purpose for which this Bill is being taken up by Parliament is to allow such tax to be levied. That is exactly what the Taxation Enquiry Commission has said.

Mr. Speaker: They may impose a nominal tax or may not impose it for some time.

Shri Bansal: What I say is, if it imposes, this difficulty will be there and I am envisaging it.

Shri S. S. More: The amendment itself points out that the State may impose it.

Shri Bansal: It will be imposed and that is the whole burden of the report of the Taxation Enquiry Commission.

Shri M. C. Shah: No.

Shri Bansal: My hon. friend, the Minister, says no. Will you please explain why?

Shri M. C. Shah: I will explain. Obviously, the hon. Member has not understood the matter. When the inter-State sales-tax is taken over by the Centre, the Bombay State will not tax. It will be taxed here in Delhi and the amount will go to the Delhi State. When the legislation comes and if you want to make changes, you may do so. But today, according to the scheme of the States, there will be inter-State sales-tax on the inter-State transactions. They will be levied by the States in which the delivery is given. It will not go to Bombay.

Shri Bansal: It is a stuff which has been purchased from Bombay and so it should go to Bombay.

Shri M. C. Shah: That is the reason why this amendment is brought forward.

Shri Bansal: My hon. friend behaves like a babe in the wood; he refuses to understand.

Mr. Speaker: I have tried this experiment of allowing hon. Members to rise and put some questions, but I do not think it has got any effect. The hon. Member may continue and finish his speech.

Shri Bansal: Thank you, Sir, but I will explain the point raised by the Minister. The whole genesis of inter-State sales tax is this. In a State like Bihar, which produces mostly coal, if we do not impose any sales tax on a commodity like coal, our major item of revenue goes. It was for that reason that they began to impose inter-State sales tax. If my hon. friend says that the sales tax on coal will be paid in Ahmedabad where it is consumed, then he is talking absolutely out of court. The view of the Taxation Enquiry Commission is that in such cases in order to safeguard the position of those States which specialise in producing the six commodities, which I have just now read out, the sales tax must go to them. All that will be done is that the machinery for collection will be somewhat streamlined.

I will come back to the point which I was discussing at the time I was interrupted. When the bales come to Delhi, the Delhi dealer will pay 1 per cent tax to the supplier from Bombay. There is no doubt about that in my mind. The bales are opened here and the upcountry buyer comes and purchases them. That buyer will have to pay another 1 per cent on all that he purchases. There is no law which says that if sales tax has been paid once by a dealer of one State, sales tax will not be charged if the same commodity is purchased by another dealer from another State. How will you prove that sales tax has been already paid on a particular piece of cloth or not?

Shri C. C. Shah: Every sale is to be taxed.

Shri Bansal: If every sale is taxed, this inconvenience will continue to be caused. This was, in fact, one of the points raised against the levy of inter-State sales tax. There may be a number of distribution centres. There may be a distribution centre in Delhi; there may be another distribution centre in Patna; there may be another distribution centre in Calcutta. We were losing trade so heavily and that was why all these protests were made. What I am suggesting is this. This particular amendment is not going to remedy that situation in the least and the complaint of the dealers is bound to continue, even after the adoption of this particular amendment.

The hon. Minister has said that it will be the Central Government which will levy it. Actually, it will be the State Governments which will continue to be authorised to levy it. All that the Centre will do is to lay down a certain uniform sort of law, by which they will say that 1 per cent or 1½ per cent will be levied on such and such items. If you will permit me, I will read out a particular portion from the Taxation Enquiry Commission's Report and I will request the hon. Minister to hear this particular quotation. I am reading from page 45 of Volume III:

> "That law and administration in the inter-State sphere formally, and when need arises effectively, be with the Union; in actual practice, the administration should, in their individual jurisdictions, be delegated to the States. The revenue, inter-State or intra-State, should wholly devolve on the appropriate States. In the intra-State sphere, the States should be free to develop systems suitable to their varied conditions. There will then be: in each State a system adapted to its own needs, and for the whole of India a composite one in which effective co-ordination will be possible between State and State and between the States and the Union. This then is our main finding compressed into terms of which further explanation is necessary and will in due course be given. Meanwhile, we may turn to a somewhat detailed appraisal of the facts themselves."

When they turn to the details of it, they make no secret of the fact that the taxes of the nature I have mentioned will devolve on the State from which the goods are actually supplied.

The Bill has really come too late and there is no need for it now. If my hon. friend will bear with me, he will have no difficulty in appreciating that even without adopting this amendment of the Constitution, he can exercise all the powers he wants to, if he brings forward a suitable Bill before this Parliament. It will have two virtues: Firstly, it will not do away with this element of essentiality to which I have referred. Secondly, he will be able to bring about whatever harmony he wants by virtue of sub-clause (2) of article 286.

As I have pointed out, I am against inter-State sales tax because of the difficulties I have mentioned. In respect of dealers in cities like Delhi, my suggestion would be that the Government of India must give some thought to the question of amalgamating in certain appropriate cases excise duties with sales tax. It is a well known fact that there is a lot of evasion. Whether one may like it or not, there is evasion as far as sales tax is concerned. Excise duty has one advantage inasmuch as it is levied at the source of production where it is handled in bulk and the risk of evasion is very much less. I know that the Taxation Enquiry Commission went into this question in detail and after arguing the case beautifully came to the conclusion—again I should say on doctrinnaire grounds—that sales tax must be a sales tax and must be paid by the ultimate consumer. I think we should take a pramatic view. We should take into account the factor that the tax that is imposed, yields the maximum results. If that is so, I do not find any difficulty in amalgamating in certain cases a reasonable amount of sales tax with the excise duty, so that the yield will be the maximum and the State Governments concerned also will not suffer.

[PANDIT THAKUR DAS BHARGAVA *in the Chair*]

Shri C. C. Shah: Should it be levied along with the sales tax or should there be no sales tax at all?

Shri Bansal: You can levy one pice or two pice or one anna per square yard as sales tax surcharge on the excise duty.

Shri C. C. Shah: Therefore, you say that there should be no sales tax.

2 P.M.

Shri Bansal: There should be no sales tax separately. I hope my hon. friend agrees with me. Because, in both the cases, the tax will be paid by the ultimate consumer. I am suggesting that in certain appropriate cases, it should be possible to amalgamate the sales tax surcharge with the existing excise duty, and where there is no excise duty—there are certain things on which there will be no excise duty—the sales tax surcharge should take the place of excise duty. The Taxation Inquiry Commission has dealt with certain difficulties of allocation, as to how this sales tax surcharge, or call it excise duty, which is charged in lieu of sales tax, if it is levied at the point of production, will be distributed among the various States, because the principle of sales tax is that it is levied in the consuming States. I do not anti-

[Shri Bansal]

cipate great and insurmountable difficulties because our statistical department, I am sure, is quite capable of making a rough estimate as to how much of a particular commodity is consumed in each State. On that basis, the allocation could easily be made of the sales tax surcharge which I am suggesting. One reason that was given by the Taxation Inquiry Commission was that normally the rates of excise duty are higher and sales tax is not so high. I do not know what is the value of this argument because if the excise duty is high, you can add a small surcharge to it and call it sales-tax surcharge. If there is no excise duty at all, put a small sales tax surcharge on that item and ultimately distribute it among the various State Governments according to their consumption.

This will have three advantages. Firstly, it will not be difficult to levy. Secondly, the collection will be the maximum and there will be no evasion at all. Thirdly, the difficulties of cities like Delhi and other distribution centres will be minimised. Therefore, I suggest that the hon. Finance Minister gives careful consideration to this idea. . . .

Shri C. C. Shah: And abolish the sales tax.

Shri Bansal: I am not saying that at all. I said in appropriate cases. That would take care of the larger items. After all, we cannot legislate theoretically or in a sort of a dogmatic manner. We have to take into account the items which enter mostly into inter-state transactions. When my hon. friend sits to analyse that, he will find out that there are certain commodities, small in number, which will cover the bulk of inter-state sales tax. I can give a few examples : coal will be one; cloth; cotton will be another. On other items it really does not matter if there is overlapping of sales tax because these items do not usually pass from one State to another. Generally these items are produced and sold in those very States. Even if they pass through various States, they are not of such great importance to the life of the community.

My last point is, we had the Validation Act passed in this very session. The purport of that Act was that the State Governments were debarred from levying tax on transactions after September, 1955 and also where no sales tax had been levied, they were debarred from levying it on transactions before that date. I understand from quite a number of friends that the State Governments are even now continuing to write to business houses asking them to send details of their transactions and purchases.

Shri K. K. Basu: For which period ?

Shri Bansal: For the period before September 1955.

Shri K. K. Basu: Before invalidation by the Supreme Court ?

Shri Bansal: Yes.

Shri K. K. Basu: Is it your case that in those cases the tax was levied but not collected, or even in those cases where no proceedings were initiated, they are trying to initiate, for this period before 1955? There are two cases. In one case, the actual collection was not done. Or there may be cases where no proceedings were taken. We only validated money collected and said that it should not be refunded. That was the scope of the Act.

Shri C. C. Shah: We also authorised that money not collected could be collected.

Shri K. K. Basu: Only when it was levied but not collected.

Mr. Chairman: Money could also be collected.

Shri K. K. Basu: By initiating proceedings?

Shri C. C. Shah: Yes.

Shri M. C. Shah: You can levy for that period also.

Shri Bansal: Tax levied and collected. That was the position. I know that representations have also been made to the Ministry. I hope the Finance Minister will kindly look into this question so that no additional difficulties are created for the traders.

सेठ अचल सिंह (जिला आगरा-पश्चिमी) : चेयरमैन महोदय, हमारा देश एक गणतन्त्र है, लेकिन इसको गणतन्त्र बने हुए मुश्किल से आठ बरस हुए हैं। इस कारण यहां की जनता इस बात से वाकिफ नहीं है कि एक गणतन्त्र

के नागरिकों के क्या कर्तव्य हैं और किस तरह से उस के नियमों का पालन करना चाहिये । दूसरे देशों में गणतन्त्री व्यवस्था और डेमोक्रेसी सैकड़ों साल पहले से कायम है और काम कर रही है और वहां के ज्यादातर लोग नहीं समझते हैं कि गणतन्त्र का क्या मतलब है । हमारे देश के ज्यादातर आदमी टैक्स नहीं देना चाहते हैं । यह ठीक है कि इनडायरेक्ट टैक्स देने में उन को कोई दिक्कत नहीं होती है, जब कि डायरेक्ट टैक्स को वह बड़ी मुसीबत समझते हैं और हमेशा उस से बचने की कोशिश करते हैं । यह प्राय: देखा जाता है कि माल बेचने वाला बगैर कैस-मेमो के माल दे देता है और इस तरह ग्राहक सेल्ज़-टैक्स से बच जाता है । इस समय हर एक व्यापार में सेल्ज़-टैक्स में लाखों-करोड़ों रुपये की चोरी हो रही है और स्टेटों को बड़ा नुक्सान हो रहा है । स्टेट गवर्नमेंट्स जो सेल्ज़-टैक्स लगाती हैं, वह पूरा वसूल नहीं होता है, आधे से ज्यादा चोरी हो जाती है लोग अदा नहीं करते हैं । मुझे ज्ञात है कि दिल्ली से उत्तर प्रदेश के व्यापारी लाखों रुपये का कपड़ा ले जाते हैं और उस को बगैर सेल्ज़-टैक्स लिए बेच देते हैं । इस प्रकार गवर्नमेंट को करोड़ों रुपये का नुक्सान होता है । अगर सेल्ज़-टैक्स पूरा पूरा वसूल किया जाय और कोई चोरी न हो, तो गवर्नमेंट को करोड़ों रुपये का लाभ हो सकता हैं । लेकिन मैं समझता हूं कि जब तक हमारी जनता में प्रजातंत्र की भावना नहीं भरी जाती, तब तक डायरेक्ट टैक्सेशन चलना बहुत मुश्किल मालुम होता हैं । मेरा सुझाव यह है कि जो जाइन्ट सिलेक्ट कमेटी इस सम्बन्ध में मुकर्रर की गई है, वह इस बात पर विचार करे कि जिस तरह सेंट्रल गवर्नमेंट एक्साइज़ ड्यूटी लेती है या एडिबिल आयल्ज़ पर टैक्स लेती है, उसी तरह वह यह भी व्यवस्था करे कि जहां जहां कोई चीज़ पैदा होती है, वहां वहां सेल्ज़-टैक्स वसूल कर लिया जाय और जिस तरह इनकम-टैक्स या दूसरे टैक्सिज़ का बटवारा होता है, उसी प्रकार इस टैक्स को भी स्टेटों में बांट दिया जाय । इस व्यवस्था का लाभ यह होगा कि इस में चोरी रुक जायेगी । बाद में—दस, पन्द्रह, बीस बरस के बाद—जब जनता में डेमोक्रेसी की भावना पैदा हो जायगी, तो उस समय डायरेक्ट टैक्स लगा दिया जाय और उस अवस्था में उस के ज्यादा सफल होने की सम्भावना है ।

पिछले दिनों हम ने देखा कि उत्तर प्रदेश सरकार ने १ अप्रैल को एक आर्डिनेंस जारी कर दिया, जिस की वजह से तमाम उत्तर प्रदेश में बड़ा हैजान पैदा हो गया, चार-पांच रोज हड़ताल भी रही, जुलूस निकले और काले झंडे दिखाये गये । इस तरीके से इस आर्डिनेंस को जारी करने की बात कुछ समझ में नहीं आती । यह तो विधान में तयशुदा बात है कि जनता के जीवन की जरूरी चीजों पर टैक्स नहीं लगाया जाना चाहिये, लेकिन वह लगाया गया । एक दिन पहले उत्तर प्रदेश सरकार ने असेम्बली में बहुत सी चीजों को मुस्तसना करार देने का ऐलान कर दिया है । उस ने नमक पर से टैक्स हटा दिया है, मल्टीपल-पायंट-टैक्स को सिंगल-पायंट कर दिया है और दस हजार की लिमिट को बारह हजार कर दिया है । उस ने इस प्रकार के बहुत से सुधार किये हैं और कहा है कि और बहुत से सुधार जो होंगे वह आयन्दा गजट में प्रकाशित किये जायेंगे ।

मेरा सुझाव है कि जोइन्ट सिलेक्ट कमेटी इस प्रश्न पर विचार करे, क्योंकि वर्तमान व्यवस्था की वजह से हमारी जनता के मारेल्स बहुत गिरते जा रहे हैं और हर व्यक्ति—हर दुकानदार — टैक्स देने से गुरेज करताहै और उस से बचने की हर प्रकार से कोशिश करता ह । अगर मेरे सुझाव पर अमल किया जाय—जहां कोई चीज़ पैदा होती है, सैन्ट्रल गवर्नमेंट वहां ही उस पर टैक्स लगाये और वसूल करे और जिस तरह इनकम-टैक्स का बंटवारा होता है, उसी तरह उस को बांट दे—तो बड़ी सहूलियत होगी । आशा है कि जोंइन्ट सिलेक्ट कमेटी इस सुझाव पर विचार करेगी ।

Shri K. K. Basu: We had a long discussion on this by the speaker who spoke just before Seth Achal Singh, namely Shri Bansal. The short point under discussion is whether the right of levying inter-State sales tax should remain only with the Centre or whether we should continue the existing provision where under the authorisation of the Centre, the States will be entitled to levy the tax. Though I feel that sales tax should be levied on as few occasions as possible, because it has a direct bearing on the economic life of the community and the individuals and more so of the ordinary man, still, whenever it is necessary and especially when Parliament feels that that cerain types of inter-State transactions should be taxed, I wish to be under a unified Central law instead of continuing the existing provisions whereby we just authorise each State

[Shri K. K. Basu]

to make its own law. It is true that under the authorisation it may be possible for Parliament to direct or lay down certain principles which may lead to some sort of uniformity. As you know, if in the near future we are going to have 15 or 16 States and if all of them have their own laws, however much we may think of bringing uniformity through the existing provisions of sub-clause (2) of article 286, I feel it is much better to have one single Act of Parliament so far as inter-State transactions are concerned. From that point of view I more or less support this particular amending provision so far as bringing the inter-State transactions entirely under the legislative competence of Parliament is concerned.

I have only to say, as my friend Dr. Krishnaswami in his opening speech has said, that sales tax being one of the most important items of State revenue, the manner of distribution is very important. It is true under article 269 it is open to Parliament to lay down the principles on which such taxes levied in a particular area should be assigned to the State. But the danger is that we have an uneven economic development in our country. We have States whose development is not the same as others, however much they may aspire to come to the same stage of economic development. And there will be a clamour especially from under-developed States because of the special advantage enjoyed by certain parts of the country even today in the matter of trade or commerce and industry, and therefore there may be the danger that the Centre might like to adopt some other principle of distributing the taxes collected in these inter-State transactions. Naturally, that particular piece of legislation will come before the House when we can discuss it and express our views and the House may adopt the principle. Even then, the apprehension should be done away with by the Minister giving some indication of his mind that the sales tax collected in a particular area even on inter-State transactions would be assigned to that particular State.

Then, the amendment that has been brought forward to article 286 doing away with the Explanation is a definite improvement. There is no denying the fact that our constitution-makers, of whom you yourself, Sir, had the honour to be one, at that time deliberately inserted this particular clause, but we have the experience of the working of the Constitution for so many years and the changes in the economic life of the country sought to be brought about by different legislative and economic measures. And as a result thereof we have come to the conclusion that this *Explanation* has led to more confusion and difficulty in working out the desired changes in the economic life of the community.

We cannot accuse the Supreme Court for holding a particular view. After all, we have tried to get the best talent that is available in the country and they are adorning the positions there. But, after all, they are individuals. Different individuals from their own understanding of the law, common sense, if I may be permitted to say so, or understanding of the fiscal measures, might come to different interpretations, and in this case within two years we have had two completely conflicting judgments from the highest judiciary of the country. Therefore, it is much better for parliament to lay down clearly our intention instead of going through the gamut of legislation and through the long process of judicial proceedings right from the lower court to the Supreme Court. It might be that the more the proceedings, the merrier for us lawyers, but that we do not want. We want improved conditions in the country. With that end in view we are having these legislative measures which try to influence the economic life of the country. Therefore, it is much better, and it should be the case, that so far as Parliament is competent to do it, it should to the best of its ability and judgment make the law as simple and specific as possible so that the judges may not have a conflict. The difference in their outlooks should be reduced. Nobody can guarantee there will not be difference of opinion. So long as individual acumen and capabilities differ, there may be different understanding. Therefore, I welcome this measure so far as the doing away with the *Explanation* is concerned.

Then, as I said, the substance of clause (2) of article 286 is more or less wedded to the idea that so far as inter-State transactions are concerned, they should be brought within the scope of Central legislation. In this connection, I would refer to the method of distribution. We must look at the peculiar economic set-up of the particular State in the matter of trade and commerce. There may be a State which has a good deal of mineral resources, but has no other form of trade. If you say that there should be no duty or sales tax on industrial raw materials or minerals, you will be completely debarring that particular State which with its big population may have no other source of revenue. It may have to fall back upon taxing essentials of life like food articles, clothing etc., to which naturally every one of us is opposed. We do not want that the prices of daily necessities of the people should be increased, but it may be argued for the development of the economy of that State it may be necessary. More so because the Planning Commission seems to be adopting the attitude that the State should come forward to meet its share of developmental expenditure, otherwise their plan has to be cut short. It is putting pressure indirectly: unless you get the money, we cannot give you the money. The necessities of a particular State may be greater. We must realise the uneven economic development of our country. There is no denying the fact it is so because of our past, because we had been under a foreign Government which tried to exploit the country for its own needs and not for the economic improvement of the country as a whole. So, I hope that when Government bring forward legislation for the purpose of distributing the proceeds of inter-State sales-tax, they will have in view this particular aspect of our economic life, namely the uneven economic development of the different States of our country.

But what is worrying me is the new clause (3) of article 286. I do not want what the implication of this particular provision which is sought to be embodied in the statute-book is. The present clause (3) reads:

> "No law made by the Legislature of a State imposing, or authorising the imposition of, a tax on the sale or purchase of any such goods as have been declared by Parliament by law to be essential for the life of the community shall have effect unless it has been reserved for the consideration of the President and has received his assent.".

The scope of this existing provision is that in respect of those articles which, Parliament in its judgment has said, are essential for the life of the community, no State can impose a sales-tax even on intra-State transactions, unless the assent of the President has been obtained. Naturally, the assent of the President means that the Central Government may try to give such advice as they think necessary.

Recently, in the case of the State of Uttar Pradesh, we had so much of agitation on the levy of sales-tax even on articles like oil, salt and some other essential articles. I understand from this morning's papers that that levy is going to be amended in certain respects. There, the scope was very much restricted. The implication of the present provision in clause (3) of article 286 is that if a State wants to levy sales-tax even on intra-State transactions in respect of those goods which have been declared by Parliament by law to be essential for the life of the community, it must first obtain the consent of the President. That is to say, the Central Government acting under the direction of Parliament, may advise a particular State to levy or not to levy sales-tax, or to levy a particular rate of taxation.

But the proposed new clause (3) reads:

> "Any law of a State shall, in so far as it imposes, or authorises the imposition of, a tax on the sale or purchase of goods declared by Parliament by law to be of special importance in inter-State trade or commerce, be subject to such restrictions and conditions in regard to the system of levy, rates and other incidents of the tax as Parliament may by law specify.".

You, Sir, are a lawyer, and you had also been closely connected with the framing of the Constitution. So, I hope you will be able to appreciate the difficulty which I shall presently try to point out. Under article 286 (1), we have specifically provided that no State will, in future, have the right to levy any sales-tax on inter-State transactions, and that it would be entirely within the legislative competence of Parliament to levy such taxes. If that is so, then what is the point in saying:

> "Any law of a State shall, in so far as it imposes, or authorises the imposition of a tax . . . . be subject to such restrictions and conditions. . . . as Parliament may by law specify."?

[Shri K. K. Basu]

When we have specifically debarred any State from levying sales-tax on inter-State transactions, and we have further provided that it will be left only to the Parliament to levy such taxation, how can a law of any State impose such taxation or authorise the imposition of such a tax? I do not quite follow what the meaning of this particular provision is.

The provision says towards the middle :

> "......a tax on the sale or purchase of goods declared by Parliament by law to be of special importance in inter-State trade or commerce. . . ."

This means that some goods are declared by Parliament to be of special importance, not for the life of the community, but for inter-State trade or commerce. This presupposes that the levy will be restricted, so far as inter-State trade or commerce is concerned.

Take, for instance, a commodity like coal, which is essential for the life of the community. There is no bar on the levy of sales-tax on such an article. Under the existing provision, you can stop it. But according to the new provision, the limitation or the restriction will come in only if that article is good enough to be of importance in inter-State trade or commerce. I do not know whether that is the intention of Government, namely to levy sales-tax even on such articles which are essential for the life of the community, and to bring in the restriction only if such articles are of importance in inter-State trade or commerce.

Let me give one illustration. Suppose there is a businessman who after entering into an inter-State transaction later on sends the particular article outside his State. Suppose the Bihar Government, for instance, imposes sales-tax on coal. A dealer who buys from the colliery in Bihar has to pay that sales-tax, because normally that is an intra-State transaction. But as you know, many of the industries round about Calcutta or Kanpur depend on the Bihar coal; there are no collieries in those places. Suppose the Bihar dealer who has to pay the sales-tax on the purchase of coal later on sends a part of that coal to industrial areas like Kanpur or Calcutta or other places, then possibly this particular factor will apply. That means, the position becomes even worse, for it is very difficult to find out how much of it was meant for local consumption, and how much for outside consumption, and thus, of special importance in inter-State trade and commerce. So, I would like the the Minister and also the Joint Committee consider this provision very carefully. I personally feel that this particular drafting is very bad, and it should be improved upon. If the intention is that the Parliament has the sole legislative competence to levy tax on inter-State transactions, then it is much better to stick on to the existing formula namely 'goods as have been declared by Parliament by law to be essential for the life of the community'.

Apart from that, I feel that the new provision may lead to greater confusion and greater litigation right from the district court up to the Supreme Court. Of course, these constitutional things take some time to come to the Supreme Court. First, they have to go before the district court, then the High Court and so on ; in this way, they have to go through so many processes. The Constitution was enacted in 1950, but we are having this Bill now based on a Supreme Court decision only in 1956. The issue had to go through so many processes. There had to be so many writ petitions, so many appeals, and what not.

I personally feel that the levy of sales-tax on inter-State transactions should be restricted to the legislative competence of Parliament. For, it has already been provided for under clause 2 that :

> "Parliament may by law formulate principles for determining when a sale or purchase of goods takes place in any of the ways mentioned in clause (1).".

It may be argued that if the Bihar Government so choose to levy the tax on their own people even on coal or sugar or other essential articles, and the people of their own choice want to suffer this privation, then there should be no objection; and if a particular item is of national importance and it is required for use in other States for industrial or other purposes, then only this question should arise. I gave the instance of coal just a little while ago. There might also be other articles such as power alcohol, the by-products of sugar, and so on. There, the Centre would step in, and I think when the Union Government have a right to determine which is an inter-State transaction, and what restrictions the sales-tax on such transactions should be subject to, they can come forward and say that such and such a transaction on such and such an item is an inter-State transaction, and therefore there should be no levy of sales-tax. Whether the State Governments choose to levy the sales-tax or not is another matter. I have nothing to say on that at this stage. I shall come to that later. But I feel that the existing provision is logical and clear, and that the provision which is sought to be embodied is very much confusing, and I am afraid it may lead to more confusion and litigation, which I hope is certainly not the intention of the Minister.

I would, therefore, request the House and the Joint Committee to carefully consider this aspect and improve the drafting so as to bring out clearly the intention of Parliament, whatever that might be.

I am really opposed to deleting the existing clause 3. It is very important that we must have control on the levy of sales-tax on articles which are essential for the life of the community. Planning is a Central subject. It is true that the State Governments have to work upon their own respective plans, but those plans must fit in with the overall plan of the whole nation. Very soon, we are going to discuss the Second Five Year Plan, and Parliament is going to adopt it, after considering the demands, the requests, the capabilities and the recommendations of the various States. So, it is the Parliament only which is competent to decide which plans should be adopted and worked upon.

Therefore, when we are having an overall plan which is going to reshape the entire economic life of the country, we should have uniformity in these matters. There may be a difference of opinion as to the way of effecting it; I may want to do it in a particular way and my hon. friends opposite may want to do it in a different way. But now we are going to have the Second Five Year Plan, after the completion of the First Five Year Plan, which will directly or indirectly have a very great bearing and influence on the economic life of the entire citizens of India. Therefore, if you leave to the jurisdiction of the States to tax those items which are essential to the life of the entire community according to their choice, it might upset the entire economic equilibrium. I say this because today in UP they have come forward with taxation on salt. There is a history and a movement behind the abolition of the salt tax. We feel that in a tropical country like ours, where the people sweat, there should not be taxation on salt which will hit the family budgets of the individuals who find it difficult to have two morsels of food two times a day. Therefore, we deliberately did away with the salt tax. But now a particular State comes forward and says, 'I want to levy tax'. The quantum of the tax is not the criterion. The point is that it definitely upsets, to whatever extent it may be, the economic budget of every family, of every unit.

Similarly, the West Bengal Government may come forward with a proposal to levy a sales tax on mustard oil. We have already discussed this matter. Mustard oil is a very important constituent of the daily diet of the people of West Bengal. We have opposed even the levy of an excise duty on it. But the West Bengal Government may want to impose a sales tax on it, because now the Planning Commission has, unfortunately, told the State Governments—of course, I agree that the Planning Commission may have no resources—that they must formulate their own plans to raise their share of the expenditure in order to realise the Centre's contribution in any plans that they undertake. The result is that the State Governments have to devise ways and means for raising more money, unless they have new industrial undertakings which immediately give a return.

Only the other day we found in places like UP—whose representatives are so many in the Central Cabinet—which is supposed to be the best administered unit, the very essentials of life are taxed. In a State where the party in power has claimed so much influence, there is so much opposition on account of this, and rightly so. The State Government say: 'We want more money. Unless we can raise two crores of rupees, the Centre will not give two crores of rupees to us'. So this is the position. The result that the economic equilibrium of the people is complete-

[Shri K. K. Basu]

ly upset. We are planning for the whole country. Our national income should have more or less a uniform bearing on the entire mass of the people of the country. We do not want that an industrial area like West Bengal should improve more while a backward area, a relatively backward area in some other part of the country should not prosper. So far as West Bengal is concerned, we have so many problems like refugees and others. Because West Bengal has so many problems, it should not be said that so far as West Bengal is concerned, it is the intention of the plan that there should be an increase of only 5 per cent so far as the *per capita* income is concerned, whereas in a commercial State or commercial city like Bombay, or in the case of another State like the new Madhya Pradesh—it is so vast—there should be a different standard. You cannot have one set of standards and norms for one part of the country and another set of standards and norms for another part of the country. We are planning on the basis of India as a unit. Our guiding principle is unity. That means that the citizens of India at the end of the Second Five Year Plan will have so much increase in the *per capita* income. There may be a difference of opinion, a difference of outlook, a difference about the mode of working it out. But the objective remains the same.

Therefore, in matters concerning the economic life of the community as a whole, the control should vest with the Centre and it should not be left to the States to proceed their own way. The Centre should have some sort of control and they should advise the States to fall in line with a particular policy. Let us take an instance. Suppose Delhi remains a Part C State and there is no sales tax on wheat. The Punjab Government may think of making some money by imposing a sales tax on wheat. In U.P., possibly they may want to subsidise wheat so as to compete with other markets. The result will be that the whole thing will get into chaos.

It is true that certain items are within the legislative competence of the State. But in the case of those articles which are essential to the life of the community as a whole, there should be a uniform policy evolved by the Centre to fit in with the overall plan that the country has undertaken. Therefore, I could urge on the hon. Minister and the Joint Committee to see that clause 3 is kept as it is. So far as the new clause 3 proposed to article 286 is concerned. It is not necessary. It is fully covered by the amended clause 2. Deletion of the explanation and insertion of the new clause 2 will give ample power to Parliament to control inter-State transactions in respect of articles essential to the life of the community. Of course, there may be some items which may have a bearing on a section of the people and not the whole of the community, like projects relating to a particular area. Therefore, even if they want to make it specific and fall in line with the particular recommendation made by the Taxation Inquiry Commission, they might also add that in respect of items which are of special importance to the life of the community and the nation as a whole, there should be some sort of control exercised by the Centre to ensure uniformity. Some such sub-clause may be added to clause 3 to make it specific. But I strongly oppose the provision that goods which are essential to the life of the community should completely go out of the purview of the Centre and come within the jurisdiction of the States. I am really worried at the action likely to be taken by authorities in different parts of the country in the near future in the new set-up.

Therefore, I hope the Joint Committee will consider all these aspects and bring forward fool-proof amending provisions which can be enacted to improve the articles of the Constitution, which I think, all of us want. It is true that the Constitution is sacrosanct. But the Constitution is not a static thing. It has got to be amended; it must grow and it must move as an organic unit with the progress of the community in terms of the norms and standards obtaining from time to time which Parliament, representing the people of India, accepts. With these words, I hope that the Joint Committee will consider the points I have made and fill the lacunae I have pointed out, so that Bill which will come before the House from the Joint Committee will contain really improved provisions.

Shri Tek Chand (Ambala-Simla): I rise to lend my partial support to this Bill. So far as the provisions contained in clause 4 are concerned, I feel they are imperative, they are necessary and they are most desirable. So far as the provisions in the earlier clauses are concerned, I feel they are unnecessary and dispensable because of the reserve of power already provided in the Constitution for the Central Government, whereby they can effectuate their intention in the matter.

So far as clause 4 is concerned, I feel that it was extremely desirable to dispel confusion that had been created by the explanation. This explanation had led even our Supreme Court to express different views, as will be noticed by those who have had occasion to peruse the two judgments mentioned in the Statement of Objects and Reasons. But apart from the desirability of the omission of the explanation, sub-clause (b) (2) provides that Parliament may by law formulate principles for determining when a sale or purchase of goods takes place in any of the ways mentioned in clause (1). The important words in sub-clause (2) are that the Parliament is being empowered to formulate principles, that is to say, it will be laying down rules for the guidance of States, which is absolutely innocuous. My hon. friend, who preceded me, had raised certain objections to the new sub-clause(3) and he seems to have had a preference for the previous sub-clause (3) of article 286 of the Constitution. I regret to say that I do not see eye to eye with him. Article 286, clause (3), as it at present exists before this amendment, confers certain powers of a mere declaratory character upon the Parliament. All that it provided was that no law made by the Legislature of a State imposing, or authorising the imposition of a tax on the sale or purchase of any such goods as have been declared by Parliament by law to be essential for the life of the community shall have effect unless it has been reserved for the consideration of the President. Therefore, the power bestowed upon the Parliament by the Constitution was—I would not say illusory—not of a very substantial character. What the amendment proposes is not only to retain that power which the Parliament already possesses, but further it confers a most effective power that is necessary in order to effectuate its intentions, because apart from making the declaration, the new provision says:

> "Any law of a State shall, in so far as it imposes, or authorises the imposition of a tax on the sale or purchase of goods declared by Parliament by law to be of special importance in inter-State trade or commerce, (now begins the important part, the effective part) be subject to such restrictions and conditions in regard to the system of levy, rates and other incidents of the tax as Parliament may by law specify."

That is to say that Parliament is now being empowered to interfere with the pre-existing State law which is absolutely necessary. If you will be pleased to turn to page 3, last paragraph, of the Statement of Objects and Reasons, it has been made crystal clear by the talented Minister that "In pursuance of clause (3) of the article, Parliament passed an Act in 1952 declaring a number of goods like foodstuffs of various kinds, cloth, raw cotton, cattle feeds, iron and steel, coal, etc., to be essential to the life of the community." Then he goes on to say:

> "Since the declaration could not affect pre-existing State laws imposing sales tax on these goods, the result was a wide disparity from State to State, not only in the range of exempted goods, but also in the rates applicable to them."

It is this mischief that the hon. Minister proposes to avoid by bringing in sub-clause (3). In other words, the intention is that so far as the laws passed by the State Legislatures are concerned, it may be open to Parliament to effect such changes as are necessary in the interest of uniformity. You will notice that one feature of the working of the sales tax laws in the States has been that these laws have been subject to the vagaries of the various States. The States have been conducting themselves in a most vagarious manner, and so long as the laws referred to intra-State matters, it did not really matter very much. But the moment they impinge upon inter-State matters, difficulties arose, and uniformity requires that Parliament should have the requisite power so that it should see that no injustice is done upon one citizen of a particular State and another. It should also see that the burden is borne uniformly and equitably by the citizens in general regardless of the fact that a particular State passes one law and another State passes a different law. The necessity which has

[Shri Tek Chand]

motivated the Government in bringing about this change is because of the recommendations of the Taxation Enquiry Commission in Volume III, page 45, paragraph 2. The real reasons behind this change are that the members of the Commission in their report say :

> "Our main conclusion is that the States cannot do without the sales tax and in terms of two or more States, the sales tax cannot do without the Union. There is in the sales tax system not only a place for the Union, but an insistent need to give a place to the Union that place is the whole sphere of inter-State sales. The State's sphere is complementary."

Therefore, in the sphere of inter-State sales, the Parliament, and Parliament alone, should have effective voice.

The same view is expressed at page 4 in the Statement of Objects and Reasons, but it appears that as a result of a printer's devil, instead of the word "inter-State the word "intra-State" has been erroneously used. But so far as the context is concerned, it makes it absolutely clear that the reference is to inter-State sales. It says "such cases of inter-State sales should appropriately be brought under the full control of the Union. These recommendations of the Commission have been generally accepted by all the State Governments".

Where I happen to differ from the authors of the Bill is with respect to clauses 2 and 3. Really, clause 3, is consequential upon clause 2. It is understandable that some Members may reasonably object to anything done by changing the Constitution whereby there is some encroachment upon the precincts, upon the preserves, of the State Legislatures. Speaking for myself, I think our approach on these matters should be unitary. Our Government should be more unitary than it is. But apart from that, I think that this encroachment by having a new article 92A can really be avoided and the Government can still retain effective powers under the existing law. I wish to invite the attention of the hon. Minister and of other hon. colleagues to three existing articles in our Constitution namely, articles 249, 250 and 252. So far as article 249 is concerned, it confers power on the Parliament to legislate with respect to matters in the State List in the national interest. That is a very wide power. But the only difficulty is that that power is exercisable for a period not exceeding one year. Then, we come to article 250. It confers some powers on the Parliament in cases of emergency. Therefore, the inadequacy is apparent so far as article 250 is concerned because it is of a very limited duration. But the most important article which seems to have been lost sight of by the Government is article 252(1):

> "If it appears to the Legislatures of two or more States to be desirable that any of the matters with respect to which Parliament has no power to make laws for the States except as provided in articles 249 and 250 should be regulated in such States by Parliament by law, and if resolutions to that effect are passed by all the Houses of the Legislatures of those States, it shall be lawful for Parliament to pass an Act for regulating that matter accordingly, and any Act so passed shall apply to such States and to any other State by which it is adopted afterwards by resolution passed in that behalf by the House or, where there are two Houses, by each of the Houses of the Legislature of that State."

Therefore, it is open to the States to confer that power, which they exclusively possess, upon the Parliament. After the requisite resolutions are passed, Parliament has absolutely a free hand to pass laws which are within the exclusive preserves of the State List. As is made clear in the statement of Objects and Reasons on page 4, the recommendations of the Taxation Enquiry Commission have been generally accepted by all the State Governments. There, the hon. Minister has said so. Now that the general acceptance of the State Governments is there, all that is required is this. Let those State Governments pass a resolution as visualised in article 252(1). The path is then paved for the Parliament to make the law which it is contemplating to make now. The result of this will be this. Here is a matter with respect to which the State Governments have no objection. They completely approve of it. Having approved of it, there will be no difficulty for the State Governments to pass the necessary resolution under article 252. If resort is made to the existing law as provided in the Constitution, Government will be completely absolved of the charge that it is endeavouring, by the earlier clause, to impinge upon the preserves of the State Legislatures or the State List. Thereby a direct way is made available by the Constitution; instead of proceeding in a circuitous manner and exposing itself to the objections of Dr. Krishnaswami and other friends who say that ought not to encroach upon the preserves of the State List, it can be done this way. The States will have a feeling that there is no endeavour whereby the Constitutional sovereignty of the States, in a restricted sense, is being imposed upon or is being in any manner rendered less effective. You have the powers. The States are in agreement. The States have .to pass a resolution and on that resolution I think you can go ahead with such legislation as you deem to be in the national interest. Under these circumstances, I am lending my full suport to clause 4 of the Bill. I consider that clauses 2 and 3 should be dropped because of adequate reserve of powers, especially when the States and the Union Governments happen to be *ad idem* with respect to the provisions of the law that is being placed on the anvil and which is in contemplation. Therefore, Government will lose nothing except absolve itself of the blame which has been hurled at it by some of the speakers and at the same time it can give effect to its intention in every conceivable and effective manner.

Shri C. C. Shah : I welcome this Bill as the first step by the Government to introduce some order in the chaotic condition which prevails in the sales tax legislation of the States. Sales tax, though of recent origin, is now of great importance in raising revenues for the States ; during the last few years the revenues raised from the sales tax are to the tune of about Rs. 65 crores and we now learn that under the Second Plan it is intended that the revenues from the sales tax should be to the tune of Rs. 115 crores (*Shri M. C. Shah* : Additional). . . . . additional, as the hon. Minister adds. Sales tax, as pointed out by the Taxation Enquiry Commission is second in importance only to land revenue. In the industrial States of Bombay, Madras and Bengal, it yields more than the land revenue itself. Therefore, it is of importance to us to see that this legislation is put on a sound footing and on a basis which will cause the least hardship to those upon whom it impinges. Sales tax affects the whole nation practically. It affects the dealer as well as the consumer. Any legislation which has such a wide effect, should be simple and of easy application. That is not the position now, so far as the sales tax legislation of the States is concerned. One of the reasons for the chaotic condition is the provision in the Constitution itself—article 286 and the judicial interpretations which it has received from the several High Courts and the Supreme Court. My friend, Shri Bansal, read out from the judgment of Justice Patanjali Shastri to show how chaotic were the conditions which prevailed before the Constitution. Article 286 was intended to restore order in that position but unfortunately, it has not. This amending Bill is an effort in that direction to restore some kind of an order.

Article 286 imposes four restrictions on any sales tax legislation. Two of these restrictions are absolute. The states cannot tax sales outside the State or sales in the course of import or export. But the explanation and the subsection (2) have created all the difficulties. The explanation was intended to define what is a sale outside the State. It shall be deemed to have taken place in the State in which the goods have actually been delivered.

[MR. DEPUTY-SPEAKER *in the Chair*]

3 P.M.

But, in fact, such a sale partakes of the nature of an inter-State sale also because, when goods are exported from one State to another, even though within the meaning of the Explanation the sale is deemed to have taken place within the State where delivery takes place, that is also an inter-State sale.

Now, all the difficulty that has arisen is this. In the United Motors case the Supreme Court held that even though such a sale partakes of the nature of inter-State sale, the State in which the goods are delivered is entitled to tax such a sale in spite of the fact that a law has not been passed by the Parliament under sub-clause (2). That decision agreed that no State can tax an inter-State sale, but in view of the Explanation it said that a sale in which the goods are delivered in another State, even though it partakes of the nature of inter-State sale and even

[Shri C. C. Shah]

though there is no legislation by the Parliament under sub-clause (2), is a sale which the importing State can tax. The second judgment in the case of the Bengal Immunity Company declared that the importing State also cannot tax if there is no law passed by Parliament under sub-clause (2). The result is this. No inter-State sale can be taxed at present, because the Parliament has not passed any law. Even if the goods are delivered in the consuming State for the purpose of consumption and even though by virtue of the Explanation it is deemed to be a sale which has taken place there, even that State cannot tax. The result is that large revenue will be lost. Therefore, the scheme of this Bill is to divide intra-State sales and inter-State sales and the Centre takes over all inter-State sales and leaves all intra-State sales to the States.

Now, it is very difficult to define what is an inter-State sale and what is an intra-State sale, because a sale by itself has several elements. First there is an agreement of sale, then there is passing of property, then there is delivery of goods and then there is payment. All these different elements go to make a sale. But all these four elements do not necessarily happen in one State; only in some cases or in a majority of cases it does. But, supposing two parties sitting in Bombay enter into a contract, then what will happen? For example, if the Tata Iron and Steel Company enter into a contract in Bombay with another party of Madras that goods will be sent from Jamshedpur to Madras and payment will be made at Jamshedpur, the question may arise as to where does this sale take place. Is it an inter-State sale or is it an intra-State sale? The scheme of this Bill is that it does not at present define as to what is an intra-State sale and what is an inter-State sale. It only says that the Parliament by law will hereafter formulate principles as to what is an intra-State sale and what is an inter-State sale.

The advantage of this kind of a provision is that there is a certain degree of flexibility left. If by Constitution we define what is an inter-State sale and what is an intra-State sale and the courts give an interpretation which is contrary to our wishes, as has happened, in fact, under article 286, unless we again amend the Constitution, we are left helpless. But, if it is left to the Parliament by law to define the principles which will determine what is an inter-State sale and what is an intra-State sale, even if we find that the definition of these principles given by us has turned out to be erroneous or difficult of application, then it is open to Parliament to amend it in time by a simple amendment. That is the reason why under clause 4 of this Bill it is left to the Parliament to decide what is a sale in the case of inter-State trade and commerce.

I could understand my friend Shri Bansal. What he really wanted was that inter-State sales should not be taxed at all. His objection, though he circumscribed it by many other things, in essence was that, what is not taxed today should not be taxed. What we want is to raise larger revenues and sales tax is the most important tax now. Therefore, we want that every sale, whether intra-State or inter-State, should be taxed. At the same time, we also want that it should not be taxed twice over. That is the reason why this division has been made.

But all the revenues are left to the States. No part of the revenue is being taken over by the Central Government.

The only objectionable part of this Bill is sub-clause (3) of clause 4. I have tried to understand the reasons given by the Taxation Enquiry Commission for omitting the existing sub-clause (3) in article 286 and substituting it by the sub-clause (3) which is now intended to be introduced. Their argument is that goods essential to the life of the community are of two kinds: those which are necessary even for a poor man for his individual life—like cereals, cloth, fruits, vegetables, milk and things like that which are daily necessities—and those which are not so very necessary. The one intention of article 286, sub-clause (3) was that necessities of life should not be taxed, unless we take the view that even the common man has to pay if we are to raise the revenues required for developmental expenditure or for social welfare activities. If every man, big or small, rich or poor must contribute to the State Exchequer, then of course, sub-clause (3) of that article 286 may be done away with. If our view is that necessities of life should not be taxed, then I cannot understand the removal of sub-clause (3) in article 286. It also included—and very rightly —those raw materials which were necessary for inter-State commerce, like coal, cotton, steel and so on, and they also should be excluded from the operation of sales tax laws of the State. But the Essential Commodities Goods Act comprises both kinds of commodities. Now we are restricting it to only one. I would have wished that the necessities of life are not taxed and we raise our taxes in any other manner. At present that is the law and probably we should have kept it. I would request the Joint Committee to consider that.

Now, having said this in support of this Bill, which in my opinion is absolutely necessary, I want to point out that the one great merit of this Bill is that it takes away the extra-territorial jurisdiction of States. One thing which caused the greatest hardship was that a dealer in one State was called upon to render accounts to another State, which was the result of the Supreme Court Judgment. If my friend Shri Bansal—I wish he was here—was right and if you had left the law as it is, the hardship that arises out of the extra-territorial jurisdiction of States would continue. That is the one great hardship which the traders and dealers in all States most loudly protested against, and which this Bill seeks to remove. From that point of view also, I submit that this Bill is welcome.

Dr. Krishnaswami—with all respect to him I could not exactly follow what he wanted—did not want the Parliament to decide the principles as to what an inter-State sale is and what an intra-State sale is. I do not know who else....

Mr. Deputy-Speaker: Perhaps, every hon. Member who has spoken has gone.

Shri C. C. Shah: Well, that appears to be the practice in this House, just to make the speech and go.

Shrimati Renu Chakravartty (Basirhat): The S.R.C. Bill is under discussion and some Members have gone there.

Mr. Deputy-Speaker: In some cases that may be the reason, but I do not find anybody who has spoken.

Shri C. C. Shah: I am not complaining about it.

What I am saying is, instead of leaving it to judicial decisions and allow varying judicial decisions by various High Courts and the Supreme Court to be given, it is much better that Parliament takes the power to decide the principles as to what an inter-State sale is and what an intra-State sale is.

As I said, Sir, this is the first step that the Government is taking to bring order in these chaotic conditions. There are two other things which the Government has to do. The Taxation Enquiry Commission has very graphically pointed out the hardships which arise to the dealers and traders from the existing laws in the State. I have before me a statement circulated by the Ministry at the time when we passed the Sales Tax Validation Act, giving the summary of the sales tax laws of various States. It shows what are the rates of taxes in each State, what is the system of taxation, namely, whether single point, double point or multiple point and so on. It also indicates whether any differentiation was made between ordinary goods and luxury goods; what was the annual turnover which was fixed and over which sales-tax has to be paid; what were the exemptions granted by each State and so on and so forth.

Now, in my practice and even otherwise, I have found it extremely difficult at times even to understand the laws. I am speaking of Bombay which is supposed to pass laws which are at least more lucid than some of the laws of other States, but even there, one finds that even the traders themselves or some of the sales-tax officers themselves do not understand what the effect or what the meaning of that law is. The other result has been that they have been going on changing laws with every changing judicial interpretation, because every State wants as much revenue as possible and with every new judicial interpretation new changes come upon us. You will see how the exemptions granted result in multiplicity of accounts. Generally a trader is a petty dealer who has to keep all kinds of accounts and various kinds of forms. This has resulted in a large-sacle evasion of tax and this has resulted in malpractices and any degree of corruption in the department. I am speaking from some experience when I say that. Because of this complexity of laws and the rules made thereunder, the petty dealer has a natural inclination either to evade the tax or at least to bribe the officer in order to escape the harassment resulting out of the non-payment of tax. There are any amount of delays in the assessments

[Shri C. C. Shah]

which are made. Assessments are not made in Bombay even now for the years 1952-53 and 1953-54 and the dealers are expected to make their returns every quarter and to pay along with the returns the tax payable thereon.

One may levy a tax but undoubtedly the people expect that for the tax which you levy, the administration will be so simple that it does not compel a man either to seek evasion or to resort to corruption. Therefore, the taxation Enquiry Commission recommended to the Government several steps which the Government has to take apart from the one which the Government is taking now. One of the suggestions, in fact, was that you should make the sales-tax a central tax not only for inter-State sales but for all sales just like Income-tax. Some of the States resented that approach and therefore this dichotomy has been made between inter-State and intra-State sales. I have no quarrel with that. But it is the duty of the Union Government to see that there is uniformity in the sales-tax laws of the various States. Some of the States had no experience of this kind of legislation.

Pandit Thakur Das Bhargava: In inter-State sales transaction also?

Shri C. C. Shah: That is what I am saying. Some of the States had no experience of this kind of legislation. They had no experience of the administration of such laws. Their officers were inexperienced and I am speaking of some of the Part B States. For example, with great respect, I can mention PEPSU, Saurashtra, Rajasthan, Madhya Bharat, and so on. Because they had no experience they legislated in a manner which led to any amount of harassment. The Taxation Enquiry Commission has recommended that the Government should set up an inter-State Taxation council where the officers of the States periodically meet and try to bring about uniformity in all sales-tax legislation and the rules and try to see that the rates, the methods of levy, the methods of keeping accounts, the exemption granted thereunder, the fixing of the annual turnover over which taxes will have to be paid, etc., will be, as far as possible, uniform. Even this Bill which we are discussing is, as I said, the first step. It expects three kinds of parliamentary legislation before we go a step further. First, the Parliament has to decide by law and formulate the principles as to when a sale takes place in the course of inter-State trade and commerce. Secondly, the Parliament has to formulate the principles for determining when a sale takes place outside the State and when a sale takes place in the course of import and export. Lastly, the Parliament has to decide what are the articles that are essential for the life of the community on which the States should have restrictions as to the system of levy, rates and other incidents of taxation.

Pandit Thakur Das Bhargava: It is not about articles which are essential for the life of the community, but only which are of special importance.

Shri C. C. Shah: Yes. This Bill envisages three Parliamentary pieces of legislation before anything further can happen.

Pandit Thakur Das Bhargava: Not the fourth which you are thinking of and which is very desirable.

Shri C. C. Shah: Of course not. If the Joint Committee amends the items regarding the articles essential for the life of the community which you are pointing out, it would be good. But that is a different thing. But I would request the Ministry, as soon as this Bill is passed, to immediately undertake legislation contemplated by this Bill itself and bring it before the House even before the life of this Parliament expires. Secondly, as I said, they should try to carry out the recommendations made by the Taxation Enquiry Commission that both as to the sales-tax legislation and the rules as well as the administration of these laws, there should be uniformity and simplicity of legislation which will reduce the evasion of tax and corruption to the minimum. With this suggestion, I support this Bill.

चौ० रणवीर सिंह (रोहतक) : उपाध्यक्ष महोदय, मैं इस विधेयक का समर्थन करने के लिये खड़ा हुआ हूं। परन्तु साथ ही साथ मुझे यह भी कहना है कि कई दफा यूनिफार्मिटी का एक बुखार सा हो जाता है और यकसवानियत करने का जो बुखार है मैं समझता हूं कि के केन्द्रीय सरकार को नहीं चढ़ना चाहिये। सब से हएक सा टैक्स लेने के बारे में जो तबदीली सरकार करना चाहती है, मैं समझता हूं उसको ऐसा नहीं करना चाहिये ।

उपाध्यक्ष महोदय, आप जानते ही हैं कि इ देश के अन्दर आज दो तरह से टैक्स वसूल कि

जा रहा है और दो तरह से इस देश के वासी टैक्स किये जा रहे हैं । एक तरफ तो वे भाई हैं जिन का गुजारा खेती पर है उन से तो एक एक पाई पर टैक्स वसूल किया जाता है चाहे उन की आमदनी हो या न हो, उन्हें लैंड रैवेन्यू देना ही होता है । दूसरी तरफ वे भाई हैं जिन को अपनी आमदनी के पहले ४,२०० रुपयों पर टैक्स कोई नहीं देना होता है । इस के अलावा एक चीज़ और है और वह यह कि इस देश की जो ७० फीसदी आबादी खेती पर निर्भर करती है, उस को इस देश की आमदनी का सिर्फ ४८ फीसदी हिस्सा ही मिलता है । यह जो अन्याय है जो कि इस देश की सरकार ने किसानों से दूर करना है, उस के अन्दर टैक्सेशन पालिसी खासा पार्ट प्ले करती है । शाह साहब ने अभी बताया कि हमारे देश में लैण्ड रेवेन्यू की मद को छोड़ कर आमदनी की जो सब से बड़ी मद है वह सेल्स टैक्स की है । मुझे मालूम नहीं कि आया शाह साहब उस को दूसरे नम्बर पर रखने के हकमें हैं या इस को और आगे ले जाने के हकमें हैं लेकिन मैं तो कहूंगा कि सब से बड़ा नहीं बल्कि मेन सोर्स आफ इनकम जो है वह सेल्स टैक्स हो । जहां तक लैण्ड रेवेन्यू का वास्ता है, मैं चाहता हूं कि कास्तकार की आमदनी जब तक ४,२०० रुपये तक न पहुंचे उस से कोई टैक्स लैण्ड रेवेन्यू के तौर पर नहीं लिया जाना चाहिये । लेकिन मैं इस बात को जानता हूं कि सरकार को काश्तकारों की तरक्की के लिये तथा देश की तरक्की के लिये रुपया चाहिये और यह रुपया सेल्स टैक्स के जरिये से ही आ सकता है । पिछले दिनों यू० पी० में सेल्स टैक्स बढ़ाया गया और वहां पर कुछ दोस्तों ने इस के खिलाफ आवाज उठाई । हमारे प्रान्त में भी आज से कोई १५ बरस पहले सेल्स टैक्स का जो कानून लागू हुआ था उस वक्त भी कुछ लोगों ने इस के खिलाफ वावेला किया था । यह जो इस के खिलाफ आवाज उठाई गई है वह एक बात का सबूत देती है और वह यह कि हमारे यहां के जो काश्तकार हैं उन के अन्दर अभी आर्थिक जागृति पैदा नहीं हुई है । इस के बरखिलाफ जो दूसरे लोग हैं, जो शहरी लोग हैं उनके अन्दर जागृति पैदा हो गई है और वे अपने हितों की रक्षा करने के लिये आवाज उठाने के काबिल हो गये हैं । इस के साथ ही साथ यह बात भी साफ हो गई है कि हमारे जो राजनीतिज्ञ हैं वे यह समझते हैं कि चूंकि काश्तकार लोग जो अभी अपने हितों की रक्षा करने के काबिल नहीं हुए हैं, इस वास्ते उन का समर्थन करने से उन के हक़ में आवाज उठाने से उन्हें कोई फायदा नहीं होने वाला है । वे जानते हैं कि अगर हम मध्यम दर्जे के आदमी के आर्थिक हितों की रक्षा करेंगे, तो राजनीति में हमारी जगह पुख्ता हो जायगी । मुझे इस बात में ज़रा भी शक नहीं है कि सेल्स-टैक्स को हटाने के लिये जो दुहाई दी जा रही है, वह कम से कम गरीब के हक में तो नहीं है । वह अवश्य काश्तकार के खिलाफ है और मैं समझता हूं कि जब तक सेल्स-टैक्स की आमदनी नहीं बढ़ेगी, उस वक्त तक टैक्स के मामले में काश्तकार के साथ न्याय नहीं हो सकता है ।

उपाध्यक्ष महोदय, आप जानते हैं कि इस हाउस में कई दोस्त वक्त बेवक्त मल्टी-पायंट सेल्स-टैक्स के खिलाफ आवाज़ उठाते हैं और वे चाहते हैं कि सेल्स-टैक्स सिर्फ एक ही दफा लगना चाहिये । मैं बड़ी विनम्रता के साथ इस बात का विरोध करता हूं और वह इस लिये कि हम अपने समाज में इस प्रकार का आर्थिक ढांचा निर्माण करना चाहते हैं, जिस में इन्टरमीडियरी के लिये कोई जगह नहीं है । हम इन्टरमीडियरी को खत्म करना चाहते हैं । हमारे तमाम प्रान्तों में लैंड रिफार्म के कानून बने हैं और उनके द्वारा कृषि में से इन्टरमीडियरीज़ को खत्म करने की कोशिश की गई है । लेकिन व्यापार में जो इन्टरमीडियरी हैं, उनको खत्म करने का एक ही तरीका है और वह है मल्टी-पायंट सेल्स-टैक्स । मल्टीपल-पायंट सेल्स-टैक्स कई जगहों से वसूल किया जाता है और वह कई हाथों में हो कर आता है, इसलिये उससे ज्यादा आमदनी होती है और टैक्स भी ज्यादा लगता है । जिस चीज़ पर ज्यादा टैक्स लगेगा, जब वह कनज्यूमर्ज़ के पास-इस्तेमाल करने वालों के पास पहुंचेगी, तो लाजिमी तौर पर वह ज्यादा महंगी होगी । कुदरती बात है कि तब कनज्यूमर्ज़-यह चाहेंगे कि हम अपनी एक सोसायटी बनाएं और उस सहयोगी समाज का उस जगह से सीधा रिश्ता कायम करें, जहां कि कोई चीज़ पैदा होती है । इस का नतीजा यह होगा कि व्यापार में उन बड़े बड़े व्यापारियों की जो एक लम्बी सी कड़ी बनी हुई है, जिनका कोई काम नहीं है, कोई चीज पैदा करने या उस को कोई दूसरा रूप देने में जिनका कोई हिस्सा नहीं है, जिन का काम सिर्फ चीजों को एक जगह से दूसरी जगह ले जाना है, लेकिन फिर भी जो चीजों की बिक्री से होने वाली आमदनी का एक बहुत बड़ा

[चौ० रणवीर सिंह]

हिस्सा ले जन रहे हैं, वह कड़ी धीरे धीरे खत्म हो जायगी। अगर हम ने इस लम्बी कड़ी को खत्म करना है और देहात की तरक्की करनी है, तो मेरे ख्याल में मल्टी-पायंट सेल्ज़-टैक्स उस के लिये एक बहुत अच्छा हथियार साबित हो सकता है।

इस के अलावा, उपाध्यक्ष महोदय, आ जानते हैं कि हमारे देश की सरकार सहयोगी संस्थायें कायम करने के लिये बड़ी कोशिश में हैं। उन को कामयाबी से बाज़ार में खड़ा करने के लिये भी यह जरूरी है कि मल्टी-पायंट सेल्ज़-टैक्स के सिस्टम को बढ़ावा दिया जाय। शहर के कुछ भाइयों और व्यापारियों के कहने से, जिन के पास अख़बार हैं, प्रैस और प्लैटफ़ार्म है, उनके दबाव से सही पालिसी से इधर उधर नहीं होना चाहिये उस पर जमे रहना चाहिये।

आखिर में मैं मंत्री महोदय से निवेदन करूंगा कि इस बिल का मैं समर्थन करता हूं, लेकिन इस आशा के साथ कि रोज़ाना तरह तरह के जो प्रदर्शन किए जाते हैं जो कि ज्यादातर गरीब आदमी के हक में नहीं होते बल्कि जिन को वे कुछ आदमी करवाते हैं, जो अपने आर्थिक हितों के बारे में ज्यादा कानशस हैं, अपने पोलीटिकल राइट्स के बारे में ज्यादा कानशस हैं, जिनके पास अखबार और प्लैटफ़ार्म है और जो वक्त वक्त पर इस तरह शोर कराते हैं, उनसे गवर्नमेंट घबरायगी नहीं। वह एक आर्थिक नीति बनायें और मज़बूती के साथ उस पर अपना हाथ जमायें और देश को आगे बढ़ायें।

Pandit Thakur Das Bhargava: I am a Member of the Select Committee, but since there are no other speakers and since this is an important subject relating to the Constitution, if you will allow me, I will make some observations.

Mr. Deputy-Speaker: Yes.

Pandit Thakur Das Bhargava: So far as this Bill goes, there is no doubt that there was great need for this Bill. It is quite true that the Taxation Enquiry Commission has said that sales tax is a source of income. It is a very big source of income, as has been pointed out by Mr. C. C. Shah and Mr. Ranbir Singh. But, at the same time, we must remember that so far as the necessities of life are concerned, it affects every ordinary person. It affects the consumer directly. Whatever may be the importance of sales tax I must submit that the original framers of the Constitution had this in their view when they enacted article 286 that so far as the necessities of life were concerned, they were not to be taxed at the sweet will of the State; unless the President assented to it, they could not be taxed. This is one point of view which must be remembered while considering this Bill. According to this Bill, that provision in the Constitution—article 286 (3)—is sought to be amended.

So far as the States are concerned, as has been pointed out by Mr. C. C. Shah, the situation is a very complicated one. The incidence of taxation is so disparate; the rules are always changing and there is nothing but confusion worst confounded. I know that for the last several years, there have been very big complaints in the whole of India and the Centre was approached by many people who were interested in it for the purpose of framing a uniform policy. If we look into article 286, it appears that the framers of the Constitution suggested that so far as the sales were concerned, those outside the States could not be taxed. Similarly, sales relating to import and export transactions were also immune from taxation by the States. The explanation really furnishes the basis for some taxation. When we were framing the Constitution, this question arose and Dr. Ambedkar told us then that the State of Bihar was in a peculiar position. It produced a good many things, taking advantage of the natural resources which it had. Therefore, the question arose as to how those transactions relating to the articles could be taxed for the benefit of Governments having their resources.

So far as sale is concerned, it is defined in the Contract Act as well as in the Sales of Goods Act. We know that a sale takes place when the property passes. Delivery has not been made, price has not been paid, but for purposes of sale, the property has passed by mere agreement. By mere agreement of sale, the property passes, but the delivery has not taken place and the payment has not taken place. The question was whether in such a case the definition of "sale" as given in the Contract Act or the Sales of Goods Act should be accepted as such. At that time, in the explanation, powers were given to the Centre and it was indicated that if goods were delivered for consumption in a particular State, that might furnish a good basis for taxation. But, at the same time, let us read the entire article 286 along with the explanation, as that explanation alone could not possibly justify the taxation. There are two judgments of the Supreme Court. In the first judgment delivered in 1953, the explanation was taken into consideration and it was held that the basis of that explanation itself furnished the ground for taxing all such transactions. Ultimately, the Supreme Court came round to the view that unless and until a law was made by Parliament, unless the ban was removed, the States could not tax in regard to certain things. Whatever might have been the position, the position now is absolutely clear. So far as inter-State sales are concerned, the centre is in charge. I am very glad that this position has been made clear by this Bill. There is no question of any law being made by the Centre so as to enable the States to tax inter-State sales. It is the Centre alone which really is in a position to tax. I am very glad that the States have not been given this power. I maintain and I feel that India is not one unless the advantages of possessions or particular resources of particular States are given to the rest of India. If Bombay produces cloth, if Bihar produces coal, if the Punjab produces corn, if there is to be unity of India, my submission is that all these things should be available to all the inhabitants of India at uniform rates, except when you have to make a difference as regards transport charges, etc. I have been submitting this for a long time in this House. The taxation policy of the various States should conform to this rule. We should not speak of India as one or a united India unless and until every person living in India takes advantage of the natural resources of each and every particular State wherever it may be. It is in this view which has been emphasised by the Taxation Inquiry Commission also, that we are going to amend the Constitution in a particular way. In regard to certain things of special importance, the Central Government can insist on the States that they will not levy taxes according to their sweet will. They will have to abide by certain restrictions. But, in my opinion, this is not enough. We should have a constitutional provision that at least as regards necessities of life, the rates in India should be brought down to a uniform level except for transport charges. I would feel very happy if such a provision is put down in the Constitution. This would mean effective unity of India. Unless this is done, I do not feel how a man in the Punjab feels happy, if there are limitless resources of coal, etc., and we do not get coal except at exorbitant prices. Even today, it is not on account of paucity of coal, but for other reasons, the factories in Faridabad are starving. People are out of job —2,000 in one factory. Because, they cannot get coal. Today, it is on account of shortage of wagons. At the same time, it may happen that taxes are levied in such a manner that we may not be able to take full advantage of the resources of India so far as coal is concerned. Similarly in regard to other articles. I am quite clear in my mind that constitutionally it is the fundamental right of every person in India to get all the necessities of life at a cheap rate, at rates at which they are available to any other citizen in any other State.

Apart from this, I feel that the taking away of the provision regarding necessaries of life, is not a wise step. I know that our Government wants money very badly for the Second Five Year Plan and for all the developments that we want to take place in this country. If you read the Taxation Inquiry Commission's report, there is a feeling which runs through every line of the report that they want the resources of the States and the Centre to be enhanced to an appreciable degree. I appreciate it. At the same time, we have to look to other things also. When the framers of the Constitution made this provision about the necessaries of life, it was not that they did not consider the developments that would be forthcoming. At the same time, the consumers in this country are very poor. If you go on taxing the necessaries of life, they will become so excessively priced and so dear that it would be really difficult to obtain them. You have to reconcile both the positions. We want money from sources which can pay. I know that in our country it is impossible to get through all these schemes unless the ordinary man is taxed. At the same time, we must realise that if you cannot refrain from taxing them—you should not tax them too much. Don't tax even the necessaries of life as you like. Put the tax on richer people. On other people, if you have to tax them, if it is inevitable, tax them to the minimum extent. I do feel that this taking away of the provision from the purview of the Central Government and investing the power of taxation of

[Pandit Thakur Das Bhargava]

necessaries of life on the State Governments is not right. I submit that the Government and the Members of the Joint Committee should consider these two principles. The hon. Members who have spoken before me also have entered a caveat that the Government should see that these powers are retained by them. Even if in particular cases it becomes necessary to give permission to the State Government, there is no objection in keeping the power with the Government. The Central Government must be armed with power. If necessity arises, we may give the necessary permission. The power must be retained so that a proper check on the State Governments is there. I would beg of the Joint Committee to consider this provision regarding article 286(3) rather carefully and see that the powers that we have got today, the powers of the Parliament and the Central Government are retained. The Central Government is the custodian. The Central Government is charged with the duty of seeing that everybody in this land feels happy and satisfied, and he gets the necessaries of life without any trouble. If the Government keeps these powers to itself, nothing will be lost. I do not see why the Government is giving away these powers without any rhyme or reason.

In regard to articles of special importance, I think this provision will not be very effective. Because, I know ultimately this is only an eye-wash. The Government which produces these things and which wants to be profited will put pressure on the Government and the interests of those people who use the raw materials for their manufactures, will not be looked to very such, I am afraid. I think the present provision is much better as regards articles which are necessary for the life of the community. Community does not only consist of poor people. Community consists of other people also. You have to see about the necessities also. You are watering down this provision and you are taking away the powers of the Central Government so far as these articles are concerned. I do not feel that there is any necessity for watering down this provision. Government has done the right thing in taking powers in regard to inter-State sales. I feel that even so far as intra-state transactions are concerned, the Central Government should take some powers. The Government should not allow the State Governments to behave as they liked even in regard to intra-State transactions. When I saw the list which was circulated to us some time back in regard to the things that were taxed, I found that we were fortunate in the Punjab because more or less luxuries were taxed and necessaries were not taxed. But I find in some of the States even necessaries are taxed.

Shri U. M. Trivedi: Heavily taxed.

Pandit Thakur Das Bhargava: This is not fair and reasonable. I want that the inhabitants of India wherever they are, in whichever State of India, should be uniformly taxed and should not be taxed so far as necessaries of life are concerned. This can only be secured if Government takes some more powers. I do not wish that the States should not have enough money because they may not be able to have development unless they realise money. But there are ways and ways. This is not the proper way. Some Governments have behaved in this way and taxed the necessaries of life. In this connection, if my friend Dr. Krishnaswami will permit me to say so, perhaps Madras is a great sinner.

Dr. Krishnaswami: It is.

Pandit Thakur Das Bhargava: So far as my friends from Madras are concerned, or any other part of India for that matter, they should feel they are part of India. They should be taxed like others. There is no reason why on account of this or that tax, they should not be uniformly taxed. What is this one India when in certain States even wheat, coal and kerosene are taxed, while in other States there are no such taxes. You cannot feel one. This is not fair. Therefore, I would like that the Joint Committee while considering this Bill should consider this aspect of the case also.

I know I am treading on ground which is forbidden to be trodden upon by many people, but at the same time when I look at the essential needs of the whole country and the fundamental rights of the people, when I see that the people even in the States look to the Central Government for relief in certain matters, I am driven to the conclusion that it would be just and right if the Central Government takes all these powers to see that the people are uniformly taxed and that necessaries of life are not taxed, and at the same time see that all these ever-changing laws and corruption go away.

. So far as the other aspects of the Bill are concerned, I think that by changing these entries, we will be certainly doing the right thing and taking powers for the Central Government.

Shri U. M. Trivedi: We have this story of constitutional amendments being repeated day in and day out. I for one feel that the Constitution must be considered a very sacrosanct document, not to be tampered with easily and wilfully at all hours. We have reached this tenth amendment so soon, within five years of its coming into force. And what for? The motive behind making this amendment is, to my mind, not a very happy one.

An Hon. Member: Why?

Shri U. M. Trivedi: There are some people who think that planning is essential. In my humble opinion planning is a secondary question, a thing of leisure a luxury. The first is the necessity of maintaining this country in normal conditions which is the most essential thing. We have not reached even normal position. Before that we want to start enjoying many things, and in trying to enjoy those luxuries, we want money. So, we go on taxing. Tax here, tax there, tax everywhere.

Only seven years ago we used to clamour and shout at the various taxes that were upon us. For instance, the customs duty. Every small State which existed in the States of Madhya Bharat and Rajasthan used to levy its own tax. The taxes were not heavy, but the irritation that was behind those taxes was great. The moment you get down at a station, a small *Nakedar* will come, open your boxes, see your things, and tell you what custom has to be paid, and expose you to ridicule before him. This irritation was so great that people used to clamour.

Then, we had the taxes of the jagirdars, the taxes of the zamindars and we used to clamour against all those things. What have we achieved now? The total taxation which now obtains is far worse than what it used to be seven years ago. The poor man's tobacco has been taxed. Salt has got a peculiar way of soaring high, and not coming down.

Dr. Krishnaswami: It is not taxed.

Shri U. M. Trivedi: It is not taxed alright, but the poor man is still taxed with so many controls and other things and there is the nomination system which taxes indirectly and takes away a lot of our money. Then, we have the excise duty on matches and other necessaries of life. Excise duty on cloth, then excise duty on every conceivable thing.

Then we have got the terminal taxes. You get down at a particular station. Under the law, there can be tax only by the Union Government, but the various octroi that are collected by the various municipalities include the collection of the terminal tax. The moment you get out from the ticket collector's hand, it comes the collector of the octroi, and says: "Come on, pay the tax at 2 annas per passenger." You get into the bus. The moment you get down at your destination there is another man who comes for terminal tax. So, the passengers can be taxed for entering into it and for getting out of it. The total fare that the man has paid is only four annas for the services rendered to him, but the tax sometimes is eight annas at the place where he gets in and eight annas at the place where he gets out. That is to say, for travelling a distance of four miles, a man has got to pay Rs. 1-4-0—a wonderful way of recovering taxes from the poor people. This system of taxation is going on and the hardship to the poor man is not yet over.

Then, on top of it, this new conception of sales tax has come into the picture. It was a euphemistic way of calling it sales tax. I do not know what ingenious brain invented this language of sales tax. We go and purchase a thing. Till that time the merchant does not tell us. The price is fixed. As soon as the price is fixed, when he makes out a bill for Rs. 5 worth of goods, he puts down ten annas as S.T. or sales tax. How to pay that ten annas. Why should I pay? He calls it sales tax, he sells it, he must pay the tax, and not the customer.

Shri I. N. Mishra (Dharbhanga *cum* Bhagalpur): Legal interpretation.

Shri U. M. Trivedi: Yet, it is recovered from us, and I do not know by what conception. We do not call it a purchase tax, we call it a sales tax. And we have to pay by the nose or get out and pick up a quarrel with him and go without the goods that we have to buy. And he takes this extra money from you. He is not the suffere. The sufferer is the man in the street. We have turned honest people into dishonest people by this sales tax. I was

[Shri U. M. Trivedi]

buying certain things in Princess Street in Bombay. As soon as I bought them, the man said: sales tax Rs. 1-2-0. I said: "I am sorry, I am not going to pay you any sales tax." He said: "Then, I am not going to sell it." I said: "I walk out. I do not want to buy the things from you." Then he says: "Do one thing".

Shri Bhagwat Jha Azad (Purnea *cum* Santal Parganas): Did you walk out?

Shri L. N. Mishra: You evaded.

Mr. Deputy-Speaker: Let us hear what happened. Perhaps he might have an interesting story.

Shri U. M. Trivedi: He says: "Why do you want a receipt? I will not give you any receipt." I said: "I have not to render account to anybody."

Shri Bhagwat Jha Azad: And made him dishonest.

Shri U. M. Trivedi: I was dishonest, he was dishonest, this law is dishonest.

Shri L. N. Mishra: The law is not dishonest.

Shri U. M. Trivedi: The law is sales tax, mind you.

Mr. Deputy-Speaker: Let not that be decided directly.

Shri U. M. Trivedi: I am sorry, I was carried away at the moment.

So, my contention is this that this sales tax makes us dishonest and deprives us of the proper revenue also. What happens? That man will never show that sale of Rs. 30 worth of goods in his account. That means that to that extent, the income-tax will suffer, and to that extent, the sales-tax would also suffer. And this dishonesty enters the market. It would have been much better if we had raised our customs duty or we had provided for customs duties between different States. If you wanted money, you could have had it by other methods. If you want to harass the public, if you want money, money and money, if you are so hungry that you cannot remain without money in fact everybody wants money, money and money, people want money, and Government want money, then you want that there should be this tax. I would say, why not have it by adopting the old methods of levying customs. As soon as you go from Delhi and enter the Punjab State, you have a customs duty. You can also have the internal customs. Similarly, when you enter from Punjab into Rajasthan, have another customs duty. Similarly, when you go from Rajasthan into Gujarat, have another customs duty. The same harassment which was in existence previous to the Union days may be introduced again, for this sales-tax is not going to help us at all. It is only going to create trouble for us all along.

Mr. Deputy-Speaker: A little while ago, the hon. Member was complaining that a passenger had to pay tax when he got into a bus, and again he had to pay tax when he came out. Now, he is suggesting that even while he is travelling, he should pay tax.

Shri L. N. Mishra: He is suggesting the very same thing now.

Shri U. M. Trivedi: I am coming to that proposition. I am submitting that when we have clamoured all along up to 1947 for the avoidance of those taxes, it is not right for us to levy this sales-tax now, and it is not right for us to impose the customs duty which we were abhorring like anything. If we can abhor this customs duty, we must abhor this sales-tax also. That is my contention, and that is the proposition which I wish to place before the House. It is not my suggestion that there should be customs duty imposed.

My analogy was only to this extent that this customs duty was a very irritating thing, which every Indian felt during the pre-Union days; likewise, this sales tax is also a very irritating thing, and in fact, it is worse than the customs duty. You say that you want money. But why do you want money? I have not yet understood the game. Why do you want so much money?

Mr. Deputy-Speaker: It is not the general principles of taxation that we are now discussing.

Shri U. M. Trivedi: I am against the general principle of having a tax on the poor.

Mr. Deputy-Speaker: But this is not the proper occasion for that.

Shri U. M. Trivedi: My contention is that both these powers should be deleted. Both these items must be deleted. That is my contention. And I am within my rights to suggest that both these items should go.

Mr. Deputy-Speaker: We are amending the Constitution only where the power is given, and not with regard to the actual levy.

Shri U. M. Trivedi: When you are making an amendment, I would suggest that you can make an amendment to omit those provisions.

Mr. Deputy-Speaker: Then, there should be a notice of a separate and different amendment to the Constitution, in another Bill.

Shri U. M. Trivedi: We are now only in the consideration stage. The notice of the amendment will come at the proper stage.

Shri Seshagiri Rao (Nandyal): Even, then, the sales-tax will not go.

Shri U. M. Trivedi: The sales-tax will go if both these provisions go.

Mr. Deputy-Speaker: Sales-tax would not go simply by omitting the provisions of this Bill. Even if we do not pass this Bill, the sales-tax will be there.

Shri U. M. Trivedi: You are a great lawyer, I know. But with very great respect to you, I would submit that my contention is that if entries 92A and 54 from the Union and State Lists respectively go away, then the power to tax by this method will go away. It is these items which give power to tax now.

Mr. Deputy-Speaker: Then, the hon. Member might continue his argument.

Shri Seshagiri Rao: Entry 54 is not introduced newly now. Only an addition is being made.

Mr. Deputy-Speaker: I have suggested to the hon. Member to continue his argument in his own way.

Shri U. M. Trivedi: It may very well be like that also. I may be mistaken. But what I would submit is that even if entry 54 is not newly introduced here but is only sought to be amended, I can still move an amendment saying that entry 54 be omitted. This would be my suggestion, and I am making it for what it is worth. Further, my contention is that this method of heavy taxation on the poor must go.

When we brought about a union of the different States, the fundamental desire that we had was that there must be uniformity of taxation. That was one thing that we had in view. The other thing was that by bringing about a centralisation of the administration to a very great extent, we thought that we could save the unnecessary expenses of running a huge administration in the different States. But have we succeeded in our second objective? I submit that we have not succeeded in that.

Take, for instance, the case of the various States which form Madhya Bharat and Rajasthan. Every State in Rajasthan, with no sales-tax and with absolutely no income-tax was self-sufficient, and the Maharaja used to enjoy any amount of money. He was able to make very nice payments to his employees, and the people there were also happy, happy in the sense that they were not burdened with so many taxes, and therefore they had not much botheration.

Mr. Deputy-Speaker: They had nothing to be taxed upon.

Shri U. M. Trivedi: And they did not pay any tax. But now, what has happened? All those things have gone. The Rajhas have been wiped out. The Maharajas have gone away. All those States have been brought together and formed into one unit, namely, the State of Rajasthan. And yet what do we see? When these States were formed into one united State of Rajasthan, lakhs and crores of rupees came into the public coffers. But all that money has disappeared within a short time, and the State has become a deficit State. May I ask why such a thing has happened? Why is it that in Madhya Bharat, crores and crores of rupees which were given by the Gwalior State have disappeared within a period of five years, and we are meeting with a deficit State? Is it that we are bungling somewhere? Or is our method of accounting very bad?

Mr. Deputy-Speaker: Does the hon. Member attribute it to sales-tax?

Shri U. M. Trivedi: My contention is that there is something wrong in our method of spending, owing to which we need this money from sales-tax. I say that this sales-tax has become necessary only to feed our great demand for money, money and money. It is this which I am attacking. You say that you want money, you want to spend more money, and for spending more money, you want sales-tax. I say: Where is the necessity for this sales-tax, if you run your show in an economical manner? If you are running the show properly, then there would never be any necessity for this sales-tax amending Bill, and whatever powers are given under the Union List or the State List. . . .

Shri Bhagwat Jha Azad: Stop planning and development works.

Shri U. M. Trivedi: That must have been done long ago. Do not repent today, after having spent Rs. 400 crores in corruption, Rs. 10 crores in something else, Rs. 20 crores in something else. . . . .

Mr. Deputy-Speaker: Even if all these theses were accepted, they would have very remote relevancy to the present subject that we are discussing.

Pandit Thakur Das Bhargava: It means we shall have to return back to the pre-Union conditions in Rajasthan and all other States.

Shri U. M. Trivedi: My hon. friend Pandit Thakur Das Bhargava is a learned lawyer, and he can advance arguments out of nothing even. I accept his power to do that.

Shri Bhagwat Jha Azad: You are doing that now.

Shri U. M. Trivedi: You have no sense left, and you are not going to listen.

Deputy-Speaker: Order, order. That is not the expression to be used.

Shri U. M. Trivedi: I maintain that when we are asking for the levy of sales-tax by the indirect method of making these amendments in the Constitution, the ultimate desire is only this much that we want more money to meet our plans. That proposition is not denied by anybody. My contention is that there is something wrong, and radically wrong, with our system of administering our States and our Union.

Mr. Deputy-Speaker: I was submitting that that something wrong does not become an issue that we should discuss today. We should discuss now the subject that is before us.

Shri U. M. Trivedi: I agree with what you say. I am still contending that let this power remain, let it not be changed, but there should not be more methods of taxation.

4 P.M.

That is what I am attacking. It is not necessary to make this change. Let the power remain; let it remain dormant. It is not essential that it should be changed. This is the proposition which I want to put in the language I have used. I am sorry that I may have conveyed some idea which is not behind my mind. The idea is only this, that if you have got this in view, if you want more money, for God's sake, say plainly why you want more money. It is not that you have not money for your requirements. But you are mis-spending the money. It is this mis-spending of the money which requires more money. It is because of this that you require more money. And because you want more money, therefore you want that this amendment should be brought forward, so that more money may be raised. This is my contention.

Then I would like to say a few words about inter-State sales tax.

The Deputy Minister of Finance (Shri B. R. Bhagat): The hon. Member may reserve it for the Joint Committee of which he is a member.

Mr. Deputy-Speaker: Is he a Member of the Joint Committee also?

Shri U. M. Trivedi: Yes. I thought I was permitted to speak because Pandit Thakur Das Bhargava, who is a Member of the Joint Committee, was also allowed to speak.

Mr. Deputy-Speaker: I had made an exception deliberately in the case of Pandit Thakur Das Bhargava. But I must point out that I was ignorant of the fact that the hon. Member is also a Member of the Committee.

Shri U. M. Trivedi: I was cognisant of it.

Mr. Deputy-Speaker: I was under the impression that the hon. Member also perhaps did not know it.

Shri U. M. Trivedi: I knew it. I ascertained it from the Table.

Mr. Deputy-Speaker: The hon. Member may conclude now.

Shri U. M. Trivedi: I bow to your orders.

The only position that I wish to make out is this, that inter-State sales tax must not be levied at all, because, in my opinion, it will bring us down to the same level which I ridiculed and to which I drew pointed attention, namely, tax everything moving from Punjab to Rajasthan, tax everything which moves from Rajasthan to Madhya Bharat, tax everything which moves from Madhya Bharat to Madhya Pradesh and tax everything which moves from Madhya Pradesh to Uttar Pradesh. That is my idea. You may euphemistically call it as inter-State sales tax. I say it is a misnomer; it is something that amounts to the same thing as the old-time customs duty.

Shri Seshagiri Rao (Nandyal): Let me submit that I am also a Member of the Joint Committee.

Mr. Deputy-Speaker: Then I am sorry. I am not going to make so many exceptions.

Shri Seshagiri Rao: Just let me make a few points.

Mr. Deputy-Speaker: No, no.

Shri N. Rachiah (Mysore—Reserved Sch. Castes): I support the Constitution (Tenth Amendment) Bill 1956. It is a very simple Bill. Just now Shri U. M. Trivedi was perturbed that this amendment had been brought before this House. He was asking why the Government wanted so much money. I do not know where there is money. He must consider the population of our country. Then he will realise how much money we require for the implementation of our Second Five Year Plan which is already in the offing.

We have been already getting financcial assistance from foreign countries. Now we have completed our First Five Year Plan and have taken up the Second Five Year Plan. As the Finance Minister has already said, we no longer depend on foreign countries for assistance. So we must depend upon our own resources. We as Members of Parliament are the responsible representatives of the people; we should realise that we are the representatives of the common man in the country. Our population is 36 crores. What have we done for the common man, for the poor man and for the agricultural labourer in the country who form the bulk of the population? As such, we want more money not only for our Five Year Plans but also for meeting the expenses connected with the daily necessities of the Government.

With regard to this amendment, I would like to say that this has been brought forward to regulate taxation on sales or purchase of goods by the common man as well as the rich man. I say that this is a gradation tax. If the poor man purchases an article worth Re. 1 he pays sales tax on Re. 1, but the rich man may purchase a commodity worth Rs. 1,000 and as such he will pay sales tax on Rs. 1,000. So this is something like a gradation tax.

Shri U. M. Trivedi just now attacked the Government as if Government had brought the Bill to impose sales tax. But sales tax is a State subject. But in the case of inter-State sales tax, there is a lacuna or administrative difficulty and this Bill seeks to remove that difficulty and see that the taxation is properly controlled by the Union Government so that the State Government does not infringe on the administrative control of the Central Government. As such, it is a very simple thing.

Shri U. M. Trivedi also attacked the Government for having amended the Constitution ten times and tampering with the Constitution. We all know that our Constitution is very sacred. But this sacred document is only meant for the amelioration or emancipation of the conditions of the common man in the country. This Bill seeks to raise more money—whether for the State or for the Centre—to see that the common man whom we represent gets a fair deal.

In the Statement of Objects and Reasons, it is said:

> "High judicial authorities have found the interpretation of the article a difficult task and expressed divergent views as to the scope and effect, in particular, of the explana-

[Shri N. Rachiah]

> tion in clause (1) and of clause (2). The majority view of the Supreme Court in the *State of Bombay* versus *the United Motors* (*India*) *Ltd*. (1953) S. C. R. 1069, was that sub-clause (a) and the explanation in clause (1) prohibited the taxation of a sale involving inter-State elements by all States except the State in which the goods are delivered for the purpose of consumption therein, and further more, that clause (2) did not affect the power of that State to tax the inter-State sale even though Parliament had not made a law removing the ban imposed by that clause".

This clearly shows that this Bill is before us only to remove the constitutional lacuna and to see that sales tax is properly administered without confusion between one State and another.

Another matter I would like to bring to the notice of the House is regarding what is its objects. An amendment to have said. This is on page 4 of the Bill :

> "The Taxation Enquiry Commission, after examining the problem with great care and thoroughness have made certain recommendations which may be summarised as follows. In essence, sales tax must continue to be a State source of revenue and its levy and administration must substantially pertain to the State Governments. The sphere of power and rsponsibility of the State may, however, be said to end, and that of the Union to begin, when the sales tax of one State impinges administratively on the dealers and fiscally on the consumers, of another State. Broadly, therefore, inter-State sales should be the concern of the Union, but the responsibilities pertaining to the Union could be exercised through the State Governments and in any case, the revenue should appropriately devolve on them."

Mr. Deputy-Speaker: By this time every hon. Members must have read this.

Shri N. Rachiah: I was quoting this for the sake of Shri Trivedi. He should have looked into this matter and seen why it has been brought forward and what is its object. An amendment to the Constitution is really a very important thing and it is not an ordinary piece of legislation. As such, if we look into the Statement of Objects and Reasons, it is clearly shown there that there are some lacunae to be cleared in order to enable the administration to go on smoothly as between the State Governments and the Central Government. For that purpose I read out this portion. A responsible Taxation Enquiry Commission toured the entire country, consulted all the State Governments and all people pertaining to financial proposals. After a thorough and exhaustive work, they produced a very important report, and it is not only on account of that report, but also from the point of view of the State Governments, which were experiencing some difficulties, that the Union Government was forced to bring this Bill before us. Therefore, Shri Trivedi's attack against the Government for bringing forward this Bill has no basis at all. As such, I refute all the charges. . . .

Mr. Deputy-Speaker: According to the hon. Member, Shri Trivedi was perturbed ; but why should it upset the hon. Member ? He is only replying to the hon. Member Shri Trivedi, and not speaking about the Bill.

Shri N. Rachiah: He must realise why this important legislation has been brought forward before the House. I am not perturbed as he was.

Another important point is this. Many Members have observed : Why tax the people ? When people pay money, it must be properly utilised for the good of the people. Mere taxation is not the work of the Government. When we actually tax the people, whether poor or rich, that amount should be utilised for the benefit of the poor man in the country. A rich man need not worry; he can get any comfort, any amenity and any help that he likes because he has money. But to maintain the defence of the country and also to maintain the public health and law and order in the country, it is necessary that we should have money, much more than that for education, particularly for the poor people. I am very happy that the Finance Ministry has been very well, going on, and if there is any Ministry which deserves the utmost congratulations, it is the Finance Ministry because with reagrd to the award of scholarships whenever a recommendation from the

Education Ministry comes up, the Finance Ministry is always liberal in awarding scholarships for Scheduled Caste and backward class students. This I wanted to express many a time, but I had no opportunity. I hope the other Ministries will also follow this sympathetic and generous attitude towards the poor people. The basic need of a common man or a poor child in India is education and public health, and then only come the other things.

Mr. Deputy-Speaker: The sales tax measure should not be utilised for relief to the Scheduled Class people.

Shri N. Rachiah: I support this motion very strongly and I commend it for the acceptance of the House.

Shri M. C. Shah: I am grateful to the Members of this House for their support to this Bill. By and large, many Members have supported it. Only two Members, both of whom are not present here, did not support it. One did not want the sales tax at all. The whole burden of the song of Shri Bansal was that after the judgment of the Supreme Court, the inter-State sales tax was not there in the horizon and that the traders would not be taxed because of the judgment of the Supreme Court. The hon. Member wanted to continue the same state of affairs.

My friend, Shri Trivedi, wanted practically a taxless society. Without tax he wanted everything to be done, as if the Government of India has got a magic wand so that it can bring in money by the use of the magic wand. But he has missed the main point.

By promoting legislation for amending the Constitution, in accordance with the articles of the Constitution, the Central Government is not going to get a single farthing from inter-State sales tax. Really speaking, we have tried to see that the States can explore the appropriate fields of getting the resources. As I have already explained in my introductory speech, there were difficulties about the inter-State transactions in commerce and industry. The Explanations created many difficulties and legal complications, and there were other difficulties also. One judgment of the Supreme Court stated that wherever the goods are delivered for consumption, that the State can tax even an outside dealer. There were difficulties and complications in the assessment. We had to evolve an interim scheme to mitigate some of these difficulties. By that time another judgment of the Supreme Court came in—it was on the 16th September, 1955— which overruled the previous judgment of the Supreme Court. Because of all these legal complications and difficulties, inter-State trade transactions could not be taxed.

My friend, Shri Bansal, being associated with the trading community, because he is the Secretary-General of the Federation of India Chambers of Commerce and Industry, perhaps thought that after this judgment of the Supreme Court, if the trading community do not pay any tax on inter-State transactions, it would be better. But we cannot view the situation from that angle. We have to see that the States get enough finances and they can explore all the avenues of getting their resources. We all know that sales tax is a very good instrument for bringing resources to the States, and that has been accepted as a good measure for finding resources.

As pointed out by one of the Members today, all the States get more than Rs. 60 crores from sales tax, and when we discuss the Second Five Year Plan, we will find that Rs. 112 crores or rather an additional amount of Rs. 112 crores is to be raised from sales tax to finance the Second Five Year Plan so far as the States are concerned. The States have to bring in Rs. 225 crores by additional taxation in the Second plan period. An additional amount will have to be found to bridge the gap of Rs. 400 crores. In order to get all their resources, the States should have some flexible methods of taxation so as to make up the required resources.

Therefore, the main question before the House is whether we want the States to have these resources to implement the Second Five Year Plan, and if the answer to that is in the affirmative, whether the States must have some fields of taxation to get these additional resources. Then, the next question is whether this amendment is necessary or not. I say, in all humility, that this is a very simple point for decision. If we say that the levy of inter-State sales tax is absolutely necessary, there could be no objection to the amendments proposed. It has been accepted that the inter-State sales tax should be there. Not a pie will come to the Centre from this. All the moneys that will be realised

[Shri M. C. Shah]

will go to the States. Because we experienced certain difficulties and legal complications, we want to have the inter-State sales tax on a uniform basis. Therefore, in consultation with all the States, we have brought this measure. The moment this is passed, we will bring two pieces of legislation. One will deal with inter-State sales. It is proposed that the Parliament must have all the powers of deciding the principles which will guide them to decide whether a sale or purchase is inter-State sale or purchase. That should be welcome to the Members here because it will be left to them to fix the principles. At the same time, hon. Members should know that the exporting State will get the inter-State sales tax. There will thus be no inequality or injustice. The only limitation will be this. As recommended by the Commission, there will be certain items of special importance on which there will be a uniform levy of sales tax.

Some hon. Members said that article 286(3) was rather better than the amendment proposed. They forgot this fact. We passed a legislation in 1952 declaring certain goods as essential. We included some items and I mentioned many of them when I introduced this Bill. The States had every reason to complain when their rights were restricted. They were asked to raise taxes but at the same time they were asked not to do this or that. Therefore, they pleaded for flexibility. Even in the National Development Council, the Chief Ministers of some States complained about the restrictions on their rights to raise revenues from sales tax. Therefore, it is quite proper and in the fitness of things that we should legislate with regard to inter-State sales tax as well as the articles of special importance.

Shri Seshagiri Rao: May I have a clarification? The Essential Goods Act was passed in 1952. Since the State Governments objected to it, this Bill is brought in. Is this Bill in direct modification of that Act? Is that what the Minister means?

Shri M. C. Shah: I have already said that that Act will be repealed. It had created certain difficulties and disparities. It did not apply retrospectively. Those States which were levying certain taxes on certain articles mentioned in that Act were allowed to levy the tax whereas other States which did not levy were not allowed to do so. There were similar restrictions and so there was disparity. Certain articles were declared as essential for the life of the community. So, there will be a new Bill in this House and there will be discussion. There may be certain suggestions which may have to be considered by the Members. The Taxation Enquiry Commission has suggested six items. After consulting the States, if we want to add some more items, the House has a right to add them.

So, I say that the amendment proposed is very essential and necessary. It will help the States to get more and more revenues. Perhaps one point was misunderstood by Shri Bansal. The States which will get the tax on these inter-State transactions will be the States which export the goods. Today, there is an anomalous position. Outside dealers had to pay tax to the States from which the goods were delivered for consumption. After the judgment of the Supreme Court, we cannot keep things as they stand. Shri Bansal accuses the Government of being very late in bringing this legislation. On the one hand, he says that there should be no inter-State sales tax because the Supreme Court had decided this way. He says that we should not amend the Constitution and we should not pass any further legislation. On the other hand, he says that the Government was rather late. Once an interpretation is given by the Supreme Court, Government could do nothing but to accept that. Then the Taxation Enquiry Commission was going into that question. Then, again, the Supreme Court delivered the judgment on 6-9-1955. So, we took into account all these things and we came to the conclusion that the best way to deal with this problem was this. We decided that the inter-State sales tax must be taken over by the Centre. Its administration will be done by the States and the moneys will go to the States. Article 269 says that these taxes shall not form part of the Consolidated Fund of India. So, they will go to the States. Therefore, I feel that there is no justification for any argument against the amendment.

Shri Basu said something about the distribution. What will be the lines of distribution? He wanted to know them. He also wanted the Government to indicate its views: Government proposes to allow the States to retain the sales tax levied and collected on the inter-State transactions. There will be no question of distribution. The exporting States will benefit by the levy of this tax in their domains.

One other point was raised by Shri Bansal. Why not add something in the form of excise duty and collect it and distribute it among the States? There are several items, for instance, sugar petrol, etc. We may have an additional levy and no sales tax will be levied on these items. Whatever we may get as additional income from these excise duties, it can be distributed. It is a constructive suggestion and will certainly be considered by the Government. I may also inform the House that the question of having an additional excise duty on cloth and doing away with the sales tax on cloth, is being considered. But we have to consult the State Governments and obtain the concurrence of all State Governments. Thereafter we can proceed in the matter. I may say that that matter is under consideration and it is a constructive suggestion.

My friend Shri C. C. Shah stated that there must be uniformity. He also said that the administration must be looked into and some way must be found out in order to alleviate the difficulties experienced by the people who pay intra-States sales tax, that is in the States. Intra-State sales tax is a State subject and we cannot interfere. But, in consultation with the Chief Ministers of all the States concerned, we propose to appoint a committee of select officials to go into all these matters that were mentioned by my friend, and to report to us on all these points. Then we will have to see as to what can be done. In any case, that can also be done only after consultation with the State Governments and after obtaining the full concurrence of the State Governments. After all, the administration of intra-State sales tax is within the jurisdiction of the States and all that we can do is by persuation and by pointing out to them the advantages of adopting certain methods.

He also enquired about the legislation to be introduced. I may inform the House that after this Bill is passed, we propose to introduce two Bills in the next session, either in July or August. We hope that this Bill will be passed by both the Houses during the current session and thereafter we have the intention of bringing forward two pieces of legislation, one deciding as to what will be the inter-State transactions about which powers are given to the Parliament by this Bill, and the other relating to the items of special importance. The matter can then be discussed as to whether some more items can be added. Then also we will have to consult the State Governments concerned, because in sales tax they are the persons who are affected.

My friend Shri Tek Chand raised one point. He asked, why should we not resort to article 252 of the Constitution. There the question is, we can legislate for that State in which a resolution is passed. But we cannot legislate for all the States. We cannot also wait for all the States to pass resolutions and then come to this Parliament with the Bill. It may take time. As a matter of fact, time is of great importance. The States are losing tax on the inter-State trade and commerce since 6-9-1955. They are practically put to a great difficulty by losing this good source of income, which may come to a few crores of rupees. Today when we are required to collect and save every pie in order to implement the Plan, we cannot wait for long. We must proceed on this basis. Therefore, I feel that this addition of 92A and amendment of entry 54 are absolutely necessary in order to have speedy legislation and in order that the States may have this additional taxation.

I think, Sir, I have done. I have tried to reply to all the points that were raised and I hope that the House will agree with the motion to refer this Bill to a Joint Committee.

Shri Tek Chand: May I seek some clarification from the hon. Minister, Sir, with your permission?

Mr. Deputy-Speaker: Yes.

Shri Tek Chand: May I invite his attention to article 252, clause (1) wherein it is stated:

> "If it appears to the Legislatures of two or more States to be desirable that any of the matters with respect to which Parliament has no power to make laws for the States. . . ."

They have only to pass a resolution and the other States simply have to adopt it by a resolution. Under these circumstances, where is the hitch for the

[Shri Tek Chand]

States to pass resolutions when according to the Government the scheme has been accepted by them ?

Shri M. C. Shah : No, Sir. With regard to these two items, 92A and the amended 54, we have consulted all the States and they have accepted in principle to have these amendments in the Constitution. So, now there is no necessity whatsoever for going to the States, because the States have concurred with the amendments that are proposed.

Shri Tek Chand : Let them pass resolutions. . . .

Mr. Deputy-Speaker : A clarification was sought and that has been given. Whether it satisfies the hon. Member or not is a different thing. I will now put the motion to vote.

The question is :

> "That the Bill further to amend the Constitution of India be referred to a Joint Committee of the Houses consisting of 45 Members; 30 from this House, namely, Pandit Thakur Das Bhargava, Shri Fulsinhji B. Dabhi, Shrimati Jayashri Raiji, Mulla Abdullabhai Mulla Taherali, Shri H. G. Vaishnav, Shri Radhelal Vyas, Shri S. C. Samanta, Shri Bheeka Bhai, Shri Lakshman Singh Charak, Shri M. K. Shivananjappa, Shri K. T. Achuthan, Shri P. T. Thanu Pillai, Shri B. P. Jhunjhunwala, Shri B. R. Bhagat, Shri C. D. Pande, Shri Sinhasan Singh, Shri Debendra Nath Sarmah, Shri Niranjan Jena, Shri Rayasam Seshagiri Rao, Shri N. Ramaseshaiah, Shri S. R. Rane, Shri K. S. Raghavachari, Shri M. S. Gurupadaswamy, Shri Sivamurthi Swami, Shri Sadhan Chandra Gupta, Dr. Ch. V. Rama Rao, Shri U. M. Trivedi, Shri N. C. Chatterjee, Shri Bhawani Singh, and Shri C. D. Deshmukh, and 15 Members from Rajya Sabha ;
>
> that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of Members of the Joint Committee ;
>
> that the Committee shall make a report to this House by the 18th May, 1956;
>
> that in other respects the Rules of procedure of this House relating to Parliamentary Committees will apply with such variations and modifications as the Speaker may make ; and
>
> that this House recommends to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of Members to be appointed by Rajya Sabha to the Joint Committee."

The motion was adopted.

AGRICULTURAL PRODUCE (DEVELOPMENT AND WAREHOUSING) CORPORATIONS BILL

The Minister of Food and Agriculture (Shri A. P. Jain) : I beg to move *:

> "That the Bill to provide for the incorporation and regulation of corporations for the purpose of development and warehousing of agricultural produce on co-operative principles and for matters connected therewith, be taken into consideration."

Shri N. M. Lingam (Coimbatore) : Sir, I rise on a point of order. To me it appears that we are legislating not only for the Centre but also for the States. Under this Bill we seek to. . .

Mr. Deputy-Speaker : Order, order. That is too premature I should suppose. Let the motion be put before the House. After the motion has been placed before the House then the hon. Member might raise his objection. The hon. Minister may proceed with his speech. Even the amendments will only be taken up after the hon. Minister has concluded his speech and the motion is placed before the House.

Shri A. P. Jain : Sir, this Bill is one of more than ordinary importance. The history of co-operation in India extends over a period of 50 years. I need not go into that history in all its facets. That history is not only well known to hon. Members here, but also to the people at large.

The House will remember that some years ago, the Reserve Bank of India appointed a Committee known as the Committee of Direction to survey the rural credit in the country. That Committee worked for some years and it has produced a very valuable report. Part of the recommendations made in that report has been before this House in some other connection. As a result of a very careful survey of the co-operative movement in India, that Committee came to the conclusion that the main features of the co-operative activities in India were that the movement was confined to credit and that too to the rural credit. It did not take account of the marketing of agricultural produce. It did not also deal with warehousing and storage. Therefore, the movement, because it failed to tackle the problem in an integrated manner, could not succeed. The Committee also came to the conclusion that the co-operative movement was confined mostly to the larger farmers, the reason being that the co-operative societies ordinarily advanced credit either on the security of land or on the security of sureties. The medium and the small peasant, who had not large pieces of land or, in many cases, whose title to the land would be precarious, could not take advantage of co-operative credit. Another defect which the Committee found in the working of the co-operative system so far was that the Government had not taken the interest in developing co-operation to the extent that it would have done. The activities of the Government were largely confined to the supervision and for providing law for the registration of the societies and inspection. In certain parts of the country, some State Governments took rather keen interest and the success in the co-operative movement in those parts was to a comparatively larger extent than elsewhere.

---

* Moved with the recommendation of the President.

I would now like to [illegible]er to certain very cogent remarks made by the Committee on page 211 of the report. The Committee remarked thus :

> "But an effort of the imagination is required to visualize the Movement as a single entity for the whole of India or as one consistent process since it was first officially established in this country in 1904. In the distinctive features of its development in different parts of India, the lack of uniformity is at least as discernible as uniformity. Its record over the years is strewn with bewildering contradictions : high individual endeavour and general lack of leadership ; official sponsorship, including official regulation and administration as a deliberate and consistent policy of the Central Government and all State Governments, but sponsorship which in some States has been real, enthusiastic and, in an administrative sense, efficient, while in many States it has remained notably inefficient and almost as nominal as the existence of the Movement itself in those areas ; Governments at times seemingly all out to help, mostly by offering to multiply the number of societies and organise and administer them further,. . . . . ."

In the result, all that the rural co-operative credit societies could provide was three per cent. of the short-term loans annually needed by the farmers. After a very careful examination of the co-operative movement, the Committee came to the conclusion that if this movement was to be made a success, then it must deal in an integrated manner with the rural credit and also with the economic activities and those must be on a co-operative basis.

Now, the Committee went very carefully into the various agencies which have been hitherto providing rural credit and it found after a careful survey that about 70 per cent. of the short-term rural credit was provided by agricultural money-lenders and professional money-lenders. Another 5 per cent. was provided by the traders. A little more than 14 per cent. was provided by the relatives of the farmers. The commercial banks had mostly confined their activities to the towns and they provided a miserably small quantity of credit —less than one per cent. of the rural credit. The Government agencies provided another 3·3 per cent. and the co-operative societies provided another 3 per cent. The Committee very carefully examined whether it was possible to reform this institution of money-lenders with a view to meet the expanding needs of the rural economy and they came to the conclusion that the institution of money-lender could not be properly adapted to meet the needs of a growing and expanding economy.

The House would be aware that a large number of States passed laws to control and regulate the indebtedness. Some laws were passed to provide a machinery for the conciliation and for scaling down of the debts. It did some temporary good but it did not provide an adequate machinery for reforming the rural credit system. Some laws were also passed by the States to regulate

[Shri A. P. Jain]

the system of money-lending, keeping of accounts, registration of money-lenders etc., and certain other things were also provided in those laws. But those laws also failed to regulate money-lending. The result was that the system of the money-lenders who has been very often portrayed as a pot-bellied, extortionate and usurious man and as a worst type of exploiter, has continued. While there are very many objectionable features of this system of money-lending, yet it must be admitted that under the prevailing circumstances, this system was perhaps more suited than the other credit agencies which existed in our countryside. It was in a way flexible. The money-lender would advance money to the farmer when he needed. He would not be very strict in its realisation if there was a crop failure. Then he had the machinery of trading with the farmer and thus the money-lender was also a buyer. The traders were also money-lenders. The result was that this institution of money-lenders got a grip over the farmer out of which the farmer could not get out. This, as I said, was one of the principal reasons for the failure of the co-operative system, because the co-operative system confined itself only to credit. It did not deal with marketing of the produce or with the processing of agricultural produce. Therefore, this lopsided effort, or rather, this one-sided effort, to put it more correctly,—could not give the required results. The Committee came to the conclusion that the institution of money-lenders was not a proper agency. It also examined the question whether the commercial banks could be adapted to serve as an agency to supply the credit needs of the rural areas and it came to the conclusion that since the commercial banks had mostly confined their operations to the towns and their constitution and growth have been purely urban, they could not supply and they have not, in the past supplied rural credit. The Committee also considered whether the State Governments could take upon themselves the responsibility to supply rural credit and they felt that the burden on the Governments was too heavy. After very carefully going into all these aspects of rural credit, they came to the conclusion that the agency for the supply of rural credit must firstly be institutional and secondly it must be co-operative.

Proceeding on the above conclusions, the Committee recommended that the Government should undertake to set up a wide system of co-operative credit societies which may not only supply rural credit to the farmer, but also supply him with essential needs both for production and consumption purposes, such as seeds, fertilisers, agricultural implements, cloth, kerosene etc. These societies must also provide adequate marketing facilities. Some of the recommendations made by the Rural Credit Survey Committee which have been accepted by Government are of a far-reaching nature. The one main recommendation they have made is that the rural credit must not be confined only to the larger farmer, but it must, as a matter of right, be available to the medium and the small farmer. They have further recommended that the credit should not be given on the security of land, but it should be connected with the production capacity and must be given on the security of the prospective crop. It must be given at the proper time, when the farmer carries on the sowing operations, and as far as possible, it should be given in kind.

The Committee has further recommended that farmers who take credit from the co-operative societies must be under an obligation to market their produce through the marketing societies. That has a two-fold advantage. Firstly, the farmer gets proper price for his produce and secondly, the advances given by the credit co-operative societies are assured of repayment. The Committee also recommended that Government should participate in the share capital of the credit co-operative societies at all levels—apex banks, central banks and primary credit co-operative societies. The participation of the Government in the apex and central banks would be of a permanent nature, but the participation of the Government in the primary credit co-operative societies would be of a temporary character. As soon as the society is in a position to stand on its legs, Government would retire so that the basic, primary co-operative society may be entirely managed by the members themselves.

This part of the recommendation of the Rural Credit Survey Committee was to be implemented by the Reserve Bank of India. The Reserve Bank of India Act, as the House will remember, has already been amended to create two funds : one, the long term operations fund and another for the purpose of helping societies which are in difficulties. The Reserve Bank of India has already gone ahead with implementing this recommendation. I hope that the House will feel satisfied that during the Second Five Year Plan, it is proposed to set up more than 10,000 large-sized co-operative societies. They will function as the credit societies supplying the needs of the agriculturists and also as marketing societies. Each of these societies will cover from 5 to 10 villages. In the result, by 1960, we would have covered about a little less than one-third of India by these credit co-operative societies. These societies will be of a fairly large size. They will have a share capital of Rs. 20,000. The share capital will be recovered from the members in instalments so that a medium or a small farmer may become members of the societies.

Shri S. S. More (Sholapur) : Do Government propose to amend the Co-operative Societies Act ?

Shri A. P. Jain : I will come to that. Or, I might inform you that I have gone sufficiently far to appoint a committee to examine the Co-operative Societies Acts of all the State Governments, to simplify them, so that it may become easier for the co-operative societies to be registered and the laws may be freed from much of the complications and technicalities which exist now. When the report of the committee comes, we shall make suitable recommendations to the State Governments to revise the Co-operative Societies laws.

It is expected that these co-operative societies will have a turnover of about Rs. 2 lakhs annually. To begin with, we do not know, we are not sure whether they will be able to meet their administrative expenses. The Government of India will subsidise the administrative expenses in these societies in the early stages. These societies will generally have a godown—a small sized godown —and the Government of India will provide the capital for the construction of the godown, 75 per cent. in the form of a loan and 25 per cent. in the form of subsidy. This subsidy will be divided into two parts, 12½ per cent. to be paid by the Government of India and 12½ per cent. by the State Government.

5 P.M.

The Rural Credit Survey Committee further came to the conclusion that a country-wide system of co-operation needed the backing of a widespread and well-organised banking system. As a result of that recommendation, the House will remember, the Imperial Bank of India was nationalised and converted into the State Bank of India. In this set-up of the co-operative societies, the State Bank of India is expected to play three very important parts : (1) it will provide remittance facilities to the co-operative societies, (2) it will advance loans against the security of the agricultural produce in store, and (3) it will also advance money against the warehouse receipts.

The State Bank of India has at present 259 branches and 200 sub-offices. A statutory obligation has been placed on the State Bank of India to open 400 new branches during the first five years of its existence. Out of these, 131 places have been selected for opening branches and the rest are in the process of being selected. After completing these two facets, after implementing these two facets, of the recommendation of the Rural Credit Survey Committee, the Bill which is before the House today fills up the last and I must say a highly important aspect of the recommendations. This Bill completes the picture which was started by the amendment of the Reserve Bank of India Act.

This Bill provides for the organisation of economic activities such as marketing and processing. It also provides for the setting up of a net work of storage and warehouses all over the country. This Bill also provides for the establishment of productive co-operative societies. It has left out industrial co-operatives because those are the functions of the Production Ministry and the Ministry of Commerce and Industry who are in charge of the organisation of the handloom industry and of cottage and small-scale industries.

The fulfilment of these functions has been divided broadly speaking into two parts. A reference to clause 3 of the Bill will show that the Government will set up the National Co-operative Development and Warehousing Board. This Board will deal with policy matters and advance finances to the State Governments and to the Central Warehousing Corporation. It will be a body incorporate, having perpetual succession and a common seal with power to acquire, hold and dispose of property and to contract.

This Board will have two funds, which are referred to in clause 12, namely the National Co-operative Development Fund, and the National

[A. P. Jain]

Warehousing Development Fund. Each of these funds will have Rs. 15 crores to its credit during the next five years. Clause 13 deals with the Development Fund, how it will be built up and the manner in which it will be utilised, and clause 14 deals with the Warehousing Fund.

A reference to clause 13 will show that the Development Fund shall be applied :

> "for advancing loans and granting subsidies to State Governments on such terms and conditions as the Board may deem fit for the purpose of enabling State Governments to subscribe to the share capital of co-operative societies or for otherwise financing co-operative societies.".

A reference to clause 14 will show that the Warehousing Fund shall be applied :

> "(a) for subscribing to the share capital of the Central Warehousing Corporation ;
>
> (b) for advancing loans to State Governments on such terms and conditions as the Board may deem fit for the purpose of enabling them to subscribe to the share capital of State Warehousing Corporations ;
>
> (c) for advancing loans and granting subsidies to a Warehousing Corporation or to a State Government for the purpose of promoting the warehousing and storage of agricultural produce.".

The Board will be an autonomous Board, but the Central Government shall have the power to issue directions which will be binding upon the Board. Hon. Members may see clause 16 in this respect. As I said, this Board will deal with matters of policy and finance. The operation will be left to the State Governments, so far as co-operative marketing and co-operative processing are concerned, and to the Central Warehousing Corporation and the State Warehousing Corporations, so far as warehousing and storage are concerned.

Clause 17 provides for the establishment of the Central Warehousing Corporation, which again will have perpetual succession and a common seal with power to acquire, hold, and dispose of property and to enter into contracts. The capital structure of the Warehousing Corporation is defined in clause 18. It will have an authorised capital of Rs. 20 crores, and an issued capital in the first instance of Rs. 10 crores. The remaining Rs. 10 crores worth of capital will be issued as and when the need arises. The National Development and Warehousing Board will subscribe 40 per cent. of the share capital. The State Bank will subscribe 10 per cent. of the capital, scheduled banks will subscribe 12·5 per cent. insurance companies 30 per cent. recognised associations and joint stock banks 5 per cent. and co-operatives 2.5 per cent.

Shri Feroze Gandhi (Pratapgarh Distt. West *cum* Rae Bareli Distt.—East): But now there are no insurance companies.

Shri A. P. Jain: There would be a Corporation. The Corporation will subscribe. In fact, insurance companies do exist now. Later on when the Corporation will be constituted, it will contribute.

Shri Velayudhan (Quilon *cum* Mavelikkara—Reserve-Sch. Castes) : It can be made to finance the whole scheme.

Shri Feroze Gandhi: Why has it been found necessary to ask Scheduled banks to subscribe to the share capital ?

Shri A. P. Jain: Because we want to raise capital and they have to participate in all the development activities in the country.

Shri Velayudhan: Is it compulsion?

Shri A. P. Jain: No. We expect them to subscribe. If they do not subscribe, the Development Board may subscribe the balance.

Shri Velayudhan: That means they are just placed in the position of private citizens.

Shri A. P. Jain: The constitution of the board of directors is defined in clause 21. This board will consist of 6 members who constitute the Executive Committee of the Development Board, one representative of the State Bank, one representative of the scheduled banks, one representative of insurance societies, one representative of the recognised associations and joint stock banks and one representative of the co-operatives. The managing director will be on the board of directors and the Government of India will nominate two persons. Thus the board will consist of 14 persons. This board will have an Executive Committee of 5 persons.

During the next five years, it is intended to build warehouses in 100 places of all-India importance. These warehouses will have a storing capacity ranging between 10,000 and 20,000 tons.

The functions of the Corporation are defined in clause 25. In brief, the Corporation will acquire and construct warehouses and run warehouses wherever the Government have to make purchases for the purpose of price support. The buying and selling operations may be done through the Warehousing Corporation. It will arrange for the supply and distribution of articles needed by the farmers, like seeds, fertilisers, agricultural implements etc. One of its important functions would be to subscribe to the share capital of State Warehousing Corporations. Each of the States in future is expected to have a State Warehousing Corporation. Clause 28 provides for the establishment of such State Warehousing Corporations. There are similar provisions about the constitution of the board of directors, the board of management, of the State Warehousing Corporation. During the next five years it is proposed to build 250 warehouses at places of State importance. Normally the size of these warehouses will range between 1,000 tons and 10,000 tons. The capital structure of the State warehouses is defined in clause 29. The State Warehousing Corporation will have an authorised capital of Rs. 2 crores, and ordinarily an issued capital of Rs. 50,00,000. The establishment of these State Warehousing Corporations will cost the Government of India and the Central Warehousing Corporation Rs. 4·8 crores.

Here I may refer to clause 37 which defines the borrowing powers of the Warehousing Corporations, that is, the Central Warehousing Corporation and the State Warehousing Corporations. These Corporations will have the power to issue and sell bonds and debentures carrying interest for the purpose of raising funds. But there is a proviso which defines the amount of borrowing which the Corporations can undertake. It will not at any rate exceed ten times the paid-up share capital and the reserve of the Corporation ; that is, to begin with, the Central Warehousing Corporation can borrow Rs. 100 crores, and the State Warehousing Corporations Rs. 48 crores. They can also raise temporary funds which are defined in clause 2. This clause has been framed after consulting the Reserve Bank and is a replica of certain provisions contained in other laws enacted by Parliament, for instance, the Industrial Finance Corporation.

As I said in the beginning the co-operative movement failed because hitherto no arrangement was made for setting up co-operative marketing societies. During the next five years, it is proposed to set up 1,800 co-operatives marketing societies. The members of these marketing societies would be primary credit societies, both large and small, and also the individual farmers. Traders will be excluded from becoming members of these societies.

Shri Velayudhan : For these societies will there be anything for marketing?

Shri A. P. Jain : What have I been saying all along? Perhaps the hon. Member has not at all being following what I have been saying.

Shri Velayudhan : I sympathise....

Mr. Deputy-Speaker : Let there not be a running commentary. The hon. Member shall have his say later.

Shri A. P. Jain : Each of these co-operative marketing societies will have a godown with a capacity of 300 to 1,000 tons. During the Second Plan period, it is proposed to have 1,500 such godowns. They will partly be subsidised and partly be paid out of the loan advanced by the Central Warehousing Corporation through the State Warehousing Corporations and the State Governments. Now, the question has been put: "What will they have to market?" I have said that each of the primary credit society will have a godown. The farmer, when he takes credit, will also have an obligation to market his produce through the primary marketing co-operative society. For a certain time, the primary credit society will keep the agricultural products in its godown. It will send its stocks to the marketing co-operative society with which it is affiliated. These stocks will be sold by that society. It may sell itself or it may pass them on to the State warehouse or to the Central warehouse.

For the success of this huge effort at co-operation the need of the properly trained personnel cannot be minimised.

Shri Feroze Gandhi : One more Minister !

Shri A. P. Jain : That may perhaps be you. We have made an assessment of the personnel required during the Plan and the number is 30,000. Arrangements have already been made for the training of the higher personnel in

[Shri A. P. Jain]

the Poona College five regional colleges have been opened for the training of intermediate personnel. 21 schools have been opened for the training of the subordinate personnel. Eighty schools have been opened for training co-operative officers for the NES blocks. Arrangements for short courses for office bearers, directors and other non-officials have also been made.

The House will recollect that I said in the early part of my speech that one of the main functions of the development board would be to develop agricultural production co-operative societies. In the First Plan, it was laid down that efforts would be made to develop agricultural production on co-operative lines. About a thousand societies of various types' and patterns have been set up but I regret to say that not many, or hardly any of them, had been a success. Recently, we got the evaluation of these societies done and then we found them to be suffering from a large number of defects. Nonetheless, the organisation of the co-operative production societies of agriculturists is a problem in which we cannot accept defeat. In India, 75 to 80 per cent. of the farmers have less than what might be called a rational or economic holding. These small holdings cannot give the optimum of production unless they are collected or coalesced together into a proper sized economic unit. If, therefore, the medium and the small farmer has to benefit from the results of the researches to apply higher cultured techniques, these small holdings must necessarily be coalesced into co-operative productive societies.

This experiment has been carried on an extensive scale in China and the results there have been almost phenomenal. 'Starting with barely 300 co-operative farms in 1951, the number of co-operative farms in China has now risen to 12½ lakhs.'

Shri Velayudhan: That is in a socialist State.

Shri A. P. Jain: The Chincse farming co-operatives are not the gigantic Collecive and State Farms of U.S.S.R. They are much smaller in size and are made up of say—usually 30 to 40, or at any rate, less than 100 farmers. The Chinese are achieving co-operative farmin three stages. They begin with mutual aid teams which involve the pooling of tools, animals, fertilizer and the labour of the member families. The lands are managed separately. The next stage is that of the producers' co-operatives.

Shri Bansal: May I know from what the hon. Minister is reading?

Shri A. P. Jain: This is a letter which I have addressed to the State Governments based on certain facts supplied to us from China. 'The next stage is that of the producers' co-operatives. Here, land is managed as a unit but continues to remain the property of the members. Earnings are distributed partly on the basis of land invested and partly on labour performed. This the Chinese consider as semi-socialist. The third and the final stage is the fully socialist form in which land is owned jointly instead of separately. All these three forms of co-operative farming are found in China. The fundamental bases of the organisation are: greater production; equitable distribution; and good management and sound leadership'.

In the Draft Twelve Years' National Programme for Agriculture, they have provided that co-operatives, which in 1955 have more than 60 per cent. of the present families as their members, in 1956 expect to have 85 per cent. of the families as members of the agricultural producers' co-operatives. Defining the objects, they say that the co-operatives must have strong enough leadership and more than 90 per cent. of the members must be drawing higher economic incomes after the change.

Conditions obtaining in India are very similar to those obtaining in China. The political set-up is different, although it is claimed by them.....

Shri Velayudhan: Economic set-up also.

Shri A. P. Jain: ......that these societies are built on voluntary desires and the co-operation of the members. We, unfortunately, have not been able to create the proper climate and the proper conditions for the success of the co-operatives. Probably, the reason is that co-operation is an activity which depends upon the faith and belief in the form of life. And so far we have failed to create that faith and belief. Co-operation is something more than economic activity. It is a way of life. It is a philsophy of life. It leads to higher human and spiritual values. A man expands beyond himself. He enlarges his family. Not only does he become self-dependent but he also learns how to co-operate and how to share the benefits of increased production with others. That requires a tremendous effort. I do hope that with the introduction of co-operation in the various fields of economic activities in the rural areas, we shall be able to inspire faith among the people in the form of co-operation. Let us hope that the co-operative societies which have hitherto not shown the desired results will meet with more success. In the second Five Year Plan very great emphasis has been laid on the development of co-operation and agricultural production.

Mr. Deputy-Speaker: Is the hon. Minister likely to take some more time?

Shri A. P. Jain: Not much, but I shall finish tomorrow.

Mr. Deputy-Speaker: He can continue the speech tomorrow.

5-32 P.M.

The Lok Sabha then adjourned till Half Past Ten of the Clock on Thursday, the 10*th May,* 1956.

DAILY DIGEST

[*Wednesday, 9th May*, 1956.]

PAPERS LAID ON THE TABLE 7719

The following papers were laid on the Table :

(1) Agreement on the Canada–India Colombo Plan Atomic Reactor Project.

(2) Messages exchanged between the Prime Ministers of Canada and India, and statement published on the occasion of the signing of the above Agreement.

(3) Supplementary Statement No. II showing the action taken on assurance given by the Minister of Food and Agriculture in reply to Unstarred Question No. 1263 on the 20th April, 1956.

REPORTS OF BUSINESS ADVISORY COMMITTEE PRESENTED. 7719

Thirty-fifth and Thirty-sixth Reports were presented.

REPORT OF COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS — PRESENTED . . . 7720

Fifty-second Report was presented.

LEAVE OF ABSENCE . 7720–21

Eighteen Members were granted leave of absence from the sittings of the Lok Sabha.

CORRECTION OF ANSWER TO STARRED QUESTION . . . 7721–22

The Minister of Industries (Shri Kanungo) made a statement correcting the reply given to Starred Question No. 1203 on the 5th April, 1956.

REPORT OF BUSINESS ADVISORY COMMITTEE—ADOPTED. . 7722–23

Thirty-fourth Report was adopted.

MOTION RE: DRAFT NOTIFICATIONS UNDER INDIAN COINAGE ACT—NEGATIVED 7726–44

The Lok Sabha considered the motion moved by Shri Kamath suggesting amendments to the Notifications of the Ministry of Finance regarding nomenclature and denominations of the ecimal coins proposed to be issued under Sections 6 and 14(1) of the Indian Coinage Act, 1906. The motion was negatived.

BILL REFERRED TO JOINT COMMITTEE 7744–7826

The motion to refer the Constitution (Tenth Amendment) Bill to a Joint Committee was moved by Shri M. C. Shah and discussed. The motion was adopted.

	COLUMNS
CONSIDERATION OF BILL	7826–40

The Minister of Food and Agriculture (Shri A. P. Jain) moved for consideration of the Agricultural Produce (Development and Warehousing) Corporations Bill. The Discussion was not concluded.

	COLUMNS
AGENDA FOR THURSDAY, THE 10TH MAY 1956—	

Consideration of the Amendments made by Rajya Sabha in the Indian Red Cross Society (Amedment) Bill and further consideration of the Agricultural Produce (Development and Warehousing) Corporations Bill.

GIPN—S3—117 Lok Sabha 13-2-57—840